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DUN'S REVIEW

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Thirty five cents

June 1942

Dear Mr. McLean: It is encouraging news that you have agreed to continue as Postmaster General under President Adams. Your administration of this office under Mr. Monroe infused a new spirit in the service that we have felt, even here in the Berkshire hills.

Such a letter as this, from a maker of paper, may suggest a personal motive. We confess there is one, in that better postal service encourages letter writing and increases the demand for paper. But there is a broader aspect, for we feel there is no force more unifying than the frequent exchange of correspondence among our people. The early seeds of American independence were sown and cultivated by committees of correspondence and our first confederation was the fruit of this exchange of views and news of the temper of the Colonies.

Now, with the westward extension of our roads and the building of canals we may look to an increase in travel, trade, and a quickening of communication.

With this prospect before us, we are enlarging our facilities, yet holding fast to the standards we set for ourselves when we established our original mill here twenty-four years ago. Others may introduce substitutes to gain volume and cheapen price, but we shall adhere to the use of cotton and linen fibres as the only materials from which durable and worthy papers can be made.

With my respects, believe me,

Yours truly,

ZENAS CRANE

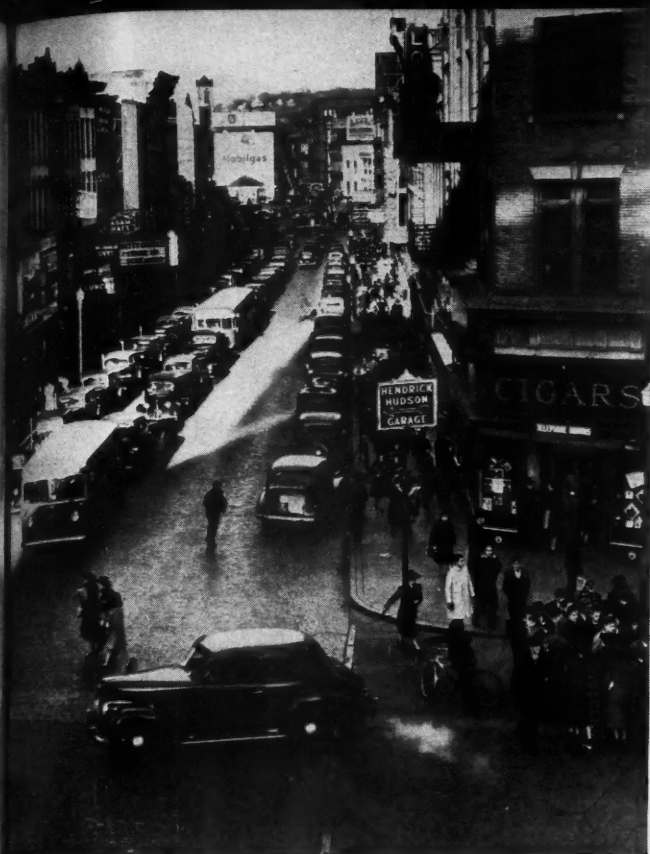
Dalton, Massachusetts

May 2, 1825

This is the sixth war this country has been engaged in since the Crane mills were established in 1801. Now—as in other wars—Crane employs its skill and experience in converting cotton and linen fibres into enduring, distinctive papers for letters, documents of importance and record, and tokens of value—such as the United States War Bonds you buy in the aid of your country... that all men may be free.



CRANE'S FINE PAPERS • MADE IN DALTON, MASSACHUSETTS • SINCE 1801



11. AT FULTON ST., COURTESY "TROY RECORD"

This Month's Cover **TROY, NEW YORK**

On the east bank of the Hudson at the mouth of the Mohawk River, about six miles above Albany, Troy is the practical terminus of the Erie Canal and the Champlain Canal, and the head of steamboat navigation on the Hudson. A part of the Van Rensselaer Manor grant in 1629, later made secure by purchase from the Indians, it was settled in 1789 by colonists from New England. In 1819 a Troy housewife, Hannah Lord Montague, devised the detachable collar for her husband's shirts. Ten years later a local merchant began selling them, thus starting the city's shirt industry. . . . The print reproduced for the cover of "Dun's Review" shows Troy in 1820. Although entitled "Troy from Mt. Ida," the scene actually is from Mt. Olympus. Drawn by W. G. Wall and engraved by John Hill, it is one of the twenty Hudson River Port-Folio Prints, considered the finest collection of New York State views ever published. It is shown through courtesy of the Troy Public Library. . . . The city has a population of 70,304. Retail sales by 1,265 stores totalled \$34,065,000. Wholesale trade by 101 firms amounted to \$23,106,000. Valued at \$38,380,323 (1940 Census), manufactures by 129 establishments include men's shirts and clothing, and surveying instruments.



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LEWIS

SCARCITIES FACED BY RETAILERS IN 1941

WILLIAM HAYES *and* WALTER MITCHELL, JR.

Research Staff

Director of Surveys

RESEARCH AND STATISTICAL DIVISION, DUN & BRADSTREET, INC.

WHEN and how does the American consumer begin to feel the pinch of war? Certainly that pinch was not particularly painful to the average citizen during the closing months of 1941, despite widespread anxieties about supplies and considerable scare buying.

That it was impending, however, is shown by a DUN & BRADSTREET survey of retail shortages at the end of last year. Nine of every ten retailers reported difficulty in securing one or more items.

The survey was made by means of a questionnaire sent to retailers in seventeen States,* asking them to list the types of merchandise difficult to obtain. They were asked also to check whether they could get "none at all, not enough to meet demand, enough, but after delay," or "only at exorbitant prices."

More than 3,600 retailers returned questionnaires, reporting a total of al-

most 14,000 instances of shortage. Each mention of a product difficult to get was termed an "instance of shortage." Thus, one retailer could report several instances of shortage—and in fact the average retailer reported about four. This was not a large number when it is remembered that the typical retailer carries several thousand items in stock.

The articles listed as difficult to get are used in practically every activity of

the average American. The ten most important lines and the degree of difficulty encountered in obtaining products in each of these lines are shown in table I.

To determine whether the position of retailers on the Pacific Coast differed in any essential respect from that of dealers in the other States, returns from California, Oregon, and Washington were tabulated separately. On the basis

To what extent were retailers obtaining needed merchandise in 1941? Where were shortages felt most and what was done to remedy them?

For answers to these important questions, a survey of retailers in seventeen States was made by the Research and Statistical Division of DUN & BRADSTREET, INC. In charge of this project was Walter Mitchell, Jr. He was assisted by the co-author, William Hayes, and by Dorothy Davis, Herbert F. Graper, and Gerald Kelton.

Data from the survey have been tabulated by type of retail store and type of product (examples on page 8). Similar tables for any or all of the stores and products listed below will be sent on request.

TYPE OF PRODUCT

Automobiles, Parts, and Accessories
Drugs and Chemicals
Electrical Goods
Food
Leather
Metal
Paper
Rubber
Textile
Wood

TYPE OF RETAIL STORE

Food
Hardware
Electrical Goods
Furniture
Dry Goods
Shoe
Heating and Plumbing Equipment
General Stores with Foods
Lumber and Building Materials
Eating and Drinking Places
Automotive
Clothing
Drug
Variety
Stationery
Jewelry

* California, Delaware, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, New Jersey, New York, North Carolina, North Dakota, Oregon, South Dakota, Tennessee, Virginia, Washington, and West Virginia.

of the replies received (admittedly small), the conclusion seems warranted that these were having more difficulty in securing adequate supplies of goods than retailers in the rest of the country. The proportion of merchandise "not available at all" was larger from the Pacific Coast stores, particularly furni-

ture stores, dry goods stores, shoe stores, and general stores. The proportion reporting "not enough" or "enough, but after delay" was also larger from the Pacific Coast in eleven of the sixteen kinds of retail stores. Conversely, the proportion for available "only at high prices" was lower in the Far West than elsewhere.

Of the ten principal lines summarized (table I), the shortage in rubber products was the most acute. Almost half of the reports said that such mer-

I. RETAIL MERCHANDISE DIFFICULT TO OBTAIN IN 1941

PRINCIPAL LINES	Total Instances of Shortage*	DEGREE OF DIFFICULTY (Per Cent of Total Instances of Shortage)			
		Not Available at All	Not Enough	Enough After Delay	Only at High Prices
Automobiles, Parts, and Accessories...	917	14	44	39	3
Drugs and Chemicals	773	27	31	22	20
Electrical Goods	1,183	15	52	27	6
Food Products	2,479	13	42	19	26
Leather Products	263	5	22	61	12
Metal Products	3,541	20	50	23	7
Paper Products	256	10	23	43	24
Rubber Products	1,331	44	37	12	7
Textile Products	2,046	9	38	29	24
Wood Products	240	6	30	51	13

* An instance of shortage is a report from a retailer of difficulty in obtaining any article; thus one retailer may report more than one instance of shortage.

chandise was not available at all. Two-thirds of the shoe stores were having difficulty in obtaining enough overshoes and sneakers, half of the automotive stores were short of tires and tubes; and half of the variety stores could not get rubber toys. About a third of the stationery stores said rubber bands and erasers were hard to get, and a similar proportion of the drug stores and dry goods stores were unable to get sufficient supplies of rubber sundries.

Few retailers commented upon the

shortage of rubber products, although it was acute and widespread. Nor were rubber goods the product reported as difficult to get by the largest percentage of stores in any group except the shoe stores (table II). No retail trade group, except perhaps tire dealers, whose returns were not analyzed separately, seems heavily dependent on rubber products.

The line which had the second largest proportion reporting merchandise "not available at all" was drugs and chemicals. The chemicals that were thus short were chiefly alcohol and anti-freeze, and the instances reported by automotive stores were three times as numerous as those reported by drug stores.

Metal products ranked third among purchasing headaches. One in five reports lamented that these were "not available at all." The scarcity of metal products covered an almost infinite variety of articles, and was reported by almost every type of store. All dealers in plumbing and heating supplies, four-fifths of the hardware stores and dealers in building materials, two-thirds of the furniture stores and variety stores, and well over half of the general stores reported they had had difficulty in obtain-

II. MERCHANDISE SHORTAGES REPORTED DURING 1941: BY TYPE OF STORE, PRIMARY AND OTHER LINES, AND PRODUCTS

TYPE OF STORE	NUMBER OF STORES	PERCENTAGE OF STORES REPORTING SHORTAGES* IN:					
		PRIMARY LINES			OTHER LINES		ANY LINE
		Per Cent	Principal Products Mentioned	Line	Per Cent	Principal Products Mentioned	
Food Stores	735	72	Canned Goods, Sugar	Textiles	9	Silk Hosiery, Work Clothing	79
Automotive Group	580	65	Batteries, Spark Plugs	Rubber Goods	53	Tires, Tubes	90
General Stores (with food)	516	50	Silk Hosiery, Work Clothes	Foods	43	Sugar, Spices	85
Hardware Stores	372	84	General Hardware, Galvanized Products, Farm Equipment	Electrical Goods	27	Appliances	91
Clothing Stores	251	84	Cotton Clothing, Silk Hosiery	Rubber Goods	25	Footwear	85
Electrical Goods	160	88	Heating Appliances, Refrigerators	Metal Products	22	Copper Products	95
Drug Stores	151	58	Alcohol, Medicines	Rubber Goods	38	Rubber Sundries	84
Lumber and Building Material Dealers	141	55	Lumber and Lumber Products	Metal Products	84	Hardware, Galvanized Roofing	94
Furniture Stores	130	39	Wooden Furniture	Metal Products	68	Stoves, Heaters, Metal Furniture	87
Eating and Drinking Places	114	53	Sugar, Soft Drinks				59
Variety Stores	108	70	Cotton Goods, Silk Hosiery	Metal Products	69	Aluminum Ware, Toys, Pins	94
Dry Goods Stores	97	76	Cotton Goods, Silk Hosiery	Rubber Goods	33	Rubbers and Rubber Sundries	93
Stationery Group	87	38	Stationery	Rubber Goods	39	Rubber Bands, Erasers	87
Shoe Stores	84	56	Shoes	Rubber Goods	68	Footwear	91
Jewelry Stores	72	39	Jewelry, Clocks, Watches, Silverware	Miscellaneous	85	Watches, Clocks, Silverware	85
Heating and Plumbing Equipment Dealers	61	100	Heating and Plumbing Supplies, Galvanized Products	Electrical Goods	33	Appliances	100

* Shortage is here defined as difficulty in obtaining any product promptly, in adequate amounts, and at normal prices.

ing adequate supplies of metal products.

There were relatively few reports of difficulty in obtaining aluminum products and copper products, two lines in which acute shortages have long been known. Few stores commented. Among those who did list aluminum and copper products, the proportion which reported them as "not available at all" was much larger than for any other product.



The bulk of the shortage reports as well as the comments on metal products were reserved for hardware, stoves, tools, heaters, plumbing and heating supplies, fence wire, pins, toys, and ammunition. In these fields a good deal of shifting of lines was reported by retailers. One hardware dealer had dropped or was in the process of dropping gas ranges, guns, and radios, and had added furniture to his line. Another wrote, "I have added plumbing supplies, and intend to expand my hardware department." A third said that he had "tried to add more housewares."

On turning to reports of "not enough to meet demand" and "enough, but after delay," one hardly needs reminding that the meaning of both depends, in large measure, on the user's idea of "enough." This was emphasized by the tabulation of retail jewelers' replies. A large proportion said they could not get enough watches to meet demand. A simultaneous check of the trade reveals, however, that most retail jewelers were ordering and obtaining considerably larger shipments of watches than

a year previous. In other words, they were not getting "enough" because they had perhaps a slightly inflated idea of what is enough.

In all but three of the ten principal lines of products there were larger percentages of reports of "not enough to meet demand" than of "enough, but after delay." The three exceptions were leather products (chiefly shoes), paper products, and wood products (chiefly furniture).

The first of these three, leather, clearly reflects the diversion of manufacturing output to supply the requirements of the armed forces. There was no shortage of shoes or shoe manufacturing capacity in the country, but Government orders received priority in the shoe factories and civilian orders had to wait. Hence the large proportion of reports, "enough, but after delay."

The reason for the delay in receiving adequate supplies of paper is less clear. Transportation facilities may have been lacking; but more likely it was the result of large, rush orders placed in anticipation of shortage.

Similarly, it is probable that there was no real lack of furniture, but freight facilities were heavily taxed during the closing months of last year. In addition there is the fact already mentioned, that many types of stores, formerly selling electrical equipment, radios, refrigerators, hardware, and general merchandise, added a line of furniture in 1941 to replace other merchandise.

Effect on Consumer

Even where shipments have been delayed, consumers seldom felt the effect. Most merchants reported having maintained sufficient stock to supply their customers while awaiting replacements. They remarked that slow deliveries caused extra expense; but usually added that "increased volume has offset this." Their attitude was generally resigned and patient, one writing "We are agreeably surprised at both the quality of the merchandise and the deliveries, when we take everything into consideration."

The reports of merchandise available

III. INSTANCES OF SHORTAGES MOST FREQUENTLY REPORTED BY RETAILERS, 1941*

FREQUENT INSTANCES OF "NOT AVAILABLE AT ALL"

Tires and Tubes
Aluminum Utensils and Paint
Automobiles
Rubber Bands and Jar Rubbers
Copper Tubing and Pipe
Needles and Pins
Tuna-fish
Galvanized Roofing
Anti-freeze
Alcohol

FREQUENT INSTANCES OF "AVAILABLE ONLY AT HIGH PRICES"

Rice
Fats and Shortenings
Fresh Meats and Vegetables
Canned Salmon
Used Tires, Tubes
Turpentine
Olives, Olive Oil
Spices
Coffee
Medicines

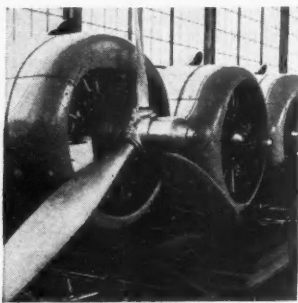
FREQUENT INSTANCES OF "ENOUGH AVAILABLE AFTER DELAY"

Shoes, Luggage
Repair Parts
Furniture
Paints
Lumber
Clothing
Stationery
Spark Plugs
Paper Toilet Items
Candy

* For each classification, the ten groups of items most frequently reported, in order of frequency.

"only at high prices" point an interesting contrast between the behavior of free and controlled prices in a war-time "economy of scarcity." The lines in which a large proportion of the reports asserted merchandise was "not available at all" (rubber products, drugs and chemicals, metal products) were—except for chemicals—those with the smallest proportion reporting that goods were available "only at high prices." Conversely, the lines in which there was a large proportion of reports of goods available "only at high prices" (textile products, paper products, food products) had few reporting "not available at all."

The largest proportion of high prices was found in the food lines. Here, one in every four of almost 2,500 reports of difficulty blamed high prices. Canned salmon, fruit juices, tomatoes, fats and shortenings, fresh meat, fresh vege-



MAC GRAMLICH

tables, and olives were among the products frequently mentioned.

Comments on food prices were numerous. One grocer wrote: "You can still get all kinds of merchandise if you pay the price." Another's comment was "The attitude taken by both wholesalers and manufacturers is that, no matter what the item may be, we are lucky to get it regardless of high prices."

There was a good deal of concern exhibited over the prices of canned goods, and some tendency to stock cheaper grades in place of nationally advertised brands, because of rising prices. There was an even more marked tendency for grocers to add frozen foods to their lines because, as one of them put it, "We find a definite price rise in canned foods of all kinds to a far greater degree than in frosted foods."

Resistance to Prices

Few grocers mentioned consumer resistance to prices. The protests were, rather, over the effect which rising prices were having on retail profits. Those who did comment on the consumers' attitude said that "Customers do not seem to mind paying higher prices. Price rises are taken as if they were expected."

In the textile products and clothing line the price situation was equally striking, and the comments even more vigorous. The proportion of reports of merchandise available "only at high prices" was particularly large for all types of cotton goods. Every army work suit apparently means one less for

(Continued on page 28)

A. DRUG AND CHEMICAL PRODUCTS—SHORTAGES

(Based on reports from 453 stores)

TYPES OF PRODUCT	REPORTED INSTANCES OF MERCHANDISE SHORTAGE	DEGREE OF DIFFICULTY (Percentage of Reported Instances of Merchandise Shortage)			
		Not Available at All	Not Enough	Enough After Delay	Only at High Prices
All Types	773	27	31	22	20
Household and Commercial Products	546	30	33	21	16
Anti-Freeze	237	41	41	11	7
Alcohol	148	24	28	18	30
Paint, Varnish, Shellac	86	16	25	50	9
Turpentine	20	10	30	20	40
Miscellaneous	55	31	27	24	18
Medicinal Products	181	19	21	26	34
Cosmetics and Other Toilet Articles ..	55	31	27	24	18

TYPES OF STORE	Proportion of Reporting Stores		Reported Instances of Merchandise Shortage		Principal Types of Drug and Chemical Products Reported Short
	Per Cent*	Number	Per Cent		
Drug Stores	58	269	35		Alcohol, drugs, and chemicals
Automotive Group	36	262	34		Anti-freeze, alcohol, paints
Hardware Group	16	125	16		Alcohol, paints and varnishes, turpentine
Sub-Total	32	656	85		
All Other .....	..	117	15		
All Types	32	773	100		

* Computed by dividing the number of stores which reported drug and chemical shortages by the number submitting data. Percentages without significance omitted.

B. FURNITURE STORES—SHORTAGES

(Based on reports from 130 stores)

MERCHANDISE LINES REPORTED SHORT	DEALERS REPORTING MERCHANDISE SHORT		REPORTED INSTANCES OF MERCHANDISE SHORTAGE	DEGREE OF DIFFICULTY (Percentage of Reported Instances of Merchandise Shortage)			
	Number	Per Cent		Not Available at All	Not Enough	Enough After Delay	Only at High Prices
Total Stores Reporting	130	100	534	12	38	37	13
Wood Products	51	39	80	2	25	55	18
Furniture—case goods	45		57				
Furniture—upholstered	19		21				
Other Wood Products	2		2				
Metal Products	88	68	192	14	34	38	14
Stoves, Heaters	43		48				
Furniture Springs	40		43				
Furniture	37		44				
Chrome Furniture	11		12				
Cabinets, etc.	18		21				
Other Metal Products .....	..		24				
Textile Products	45	35	61	3	25	46	26
Rugs	22		22				
Sheets, Towels, etc.	14		14				
Mattresses	11		14				
Other Textile Products ..	..		11				
Electrical Goods	64	49	138	13	55	27	5
Refrigerators	36		36				
Washers	29		31				
Radios	29		31				
Lighting Fixtures, Lamps ..	13		13				
All Other .....	..		27				
Miscellaneous .....	..		63	22	40	30	8

Tables similar to these are available from DUN'S REVIEW for a number of other types of retail stores and products. A list appears at the bottom of page 5.



PRP

What it is; How it works

DAVID NOVICK

*Chief, Priorities and Allocation Research
War Production Board*

*T*ODAY, the Production Requirements Program is rapidly displacing mere preference rating or priority as it has existed up to now in this country's war effort. Preference rating or priority was a device for singling out certain objectives such as war material, munitions facilities, and the like for preferred treatment. It was a qualitative device with little or no reference to the quantities of materials, products, or fabricating facilities required in attaining each one of the preferred objectives.

This system of expediting war production worked well as long as the supply was adequate to satisfy all demands. It worked reasonably well when the preferred demands could be met by cutting off those not given preferred status. When the preference rated demands alone could not be satis-

fied by available supply this qualitative control had to be implemented by quantitative control.

The Production Requirements Program may be described briefly as a quantitative pre-audit method for keeping the demands to be satisfied within the bounds of available supply. It is a quantitative implementation of the priority system. It is a letter of credit instead of a blank check.

The Production Requirements Program is based upon a recognition of the need for a huge volume of war material and the fact that in relationship to this volume of demand available supplies of materials are too small. It is designed to place the allotted quantities of materials at the points in production where they will yield related quantities of the most vitally needed war and essential civilian goods. Perhaps equally impor-

tant, it constitutes acceptance of the fact that no single item of production—whether ships, tanks, or machine tools—is in itself so important that unlimited quantities of materials can be made available for it without reference to (1) competing demands for the critical materials (2) the producer's inventory of these materials and (3) the producer's ability to fabricate them within the period in which they will be delivered.

Although the Production Requirements Program is only now becoming a factor in business thinking, it has been evolving for more than a year. In May 1941 the Defense Supplies Rating Plan was introduced and this was followed in August 1941 by the Health Supplies Rating Plan. Both of these were requirements plans. The former established as a basis for preference rating assistance on materials, the quantities used in defense production; the latter used as its basis the quantities required to produce surgical instruments, medicinals, and like products vital to the health of both the armed forces and the civilian population.

This was followed by the adoption of similar pre-audit quantitative reporting forms in many of the general preference orders. Most notable of these was the PD-200 Requirements Report which applied to new facilities built under Order P-19. These preference orders together with the more important Defense Supplies and Health Supplies Plans provided the major priority instruments for some 5,000 manufacturing units by November 1941. At that time the various versions of the Production Requirements Program were drawn more closely together with the introduction of the Production Requirements Plan. (Referred to as "PRP" or "PD-25A," the form used in administering the plan.)

PRP like its predecessors was a voluntary plan. This meant that it was used only by those manufacturers who found in the quarterly requirements reports a better basis for planning their operations and a device for simplifying their handling of priority problems. To

Washington this meant knowledge of the requirements of these manufacturers as well as an opportunity to adjust or to pre-audit the stated requirements for both inventories and manufacturing needs of these applicants.

This *quid pro quo*—knowledge of and control over quantitative production requirements in Washington for better production planning and simplification of priority problems for the manufacturer—did not attract those who had easier access to materials under other priority devices. The large prime contractors did not have the problem of multiple extension and the selected industries who had been made the beneficiaries of generous “blanket” or “P” orders found nothing to attract them into PRP. They already had access to materials and did not have to submit to a pre-audit of the validity of their requirements in terms of inventory control or of ability to fabricate the material during the period in which delivery was to be made.

Under these conditions, the administrators of the War Program did not have at their disposal a complete or rounded picture of requirements at the manufacturing and consuming level. The development of serious material shortages, the appearance of inequities in the distribution of many materials, and the urgent demand for a larger

volume of war material all indicated the necessity for securing a complete requirements picture. This information would be available if all users of critical materials were supplying requirements, inventory, receipts, and use data on PD-25A under PRP. At this stage, however, PRP and its requirements counterparts were on a voluntary basis. To bridge this gap for the all-important metals, PD-275, Report on Metal Consumption and Requirements, was introduced on February 1, 1942. PD-275 was a counterpart of PD-25A; it was practically the same form.

Report on Metals

The first request for metal consumption and requirements data on Form PD-275 was sent to more than 10,000 establishments which accounted for more than 90 per cent of the metals used in manufacture. About 85 per cent of those to whom it was sent returned PD-275 by the deadline, February 20, 1942. This information was compiled and summarized in internal reports of the Division of Industry Operations, dated March 10, 18, and 25, 1942.

The report showed both consumption of and requirements for metals as distributed throughout American manufacturing industries. It demonstrated that sharp curtailment of less essential production would be necessary

if the material required for war and essential civilian industry were to be obtained from available supplies. Large inventories and excessive receipts were found in all lines of production. The data indicated the need for both tighter and better material controls if war production goals were to be achieved.

Perhaps equally important, it was apparent that qualitative control through preference rating would no longer insure the delivery of materials to the vital points in the production mechanism. Orderly production required that the long discussed allocations be made a fact. To do this it was decided to expand the coverage of the Metals Report, PD-275, to include all users who would require delivery in the third quarter of 1942. With complete coverage on use of and requirements for metals this provided a basis for allocation. Authorizations could be made on the PD-25A form and its equivalent. When these were made mandatory the PD-275 report would, of course, be dropped.

For the interim, PD-275 is required from all manufacturing establishments—including the Army and Navy—mines, construction projects, and all other metal users. In a few cases, such as utility and petroleum companies, the requirements data are available in other reports. Special provision is made for establishments whose third-quarter purchases of the materials allocated will be valued at less than \$5,000 and for all of small business.

The Requirements Program rests upon the simple thesis that we cannot and dare not issue more checks for materials than there is material available in the materials supply account. The first step, therefore, is to determine the requirements of each user. Total requirements are then compared with supply and no checks for material are drafted until the quantity to be authorized is less than the supply.

Like all new undertakings, the first allocations must be made on the basis of a substantial reserve for contingencies. This does not mean that these



FORM PD-25A

UNDER THE Production Requirements Plan, a manufacturer presents in advance a picture of his estimated shipments and his inventory for a quarter of the calendar year. He then receives authorization to apply assigned preference ratings to all or to parts of his requirements.

Form PD-25A, used with PRP, seven pink sheets 11½ by 16 inches, is filed for a business, division, or plant as determined by existing inventory records. One sheet (Section A) contains instructions; two, headed "Materials List No. 1," contain names of some 2,500 varieties of materials. Five copies are filed; one is returned to the company with an authorization filled out.

SECTIONS B and D are about shipments for three recent months and estimated shipments for the new quarter. In section B the shipments are summarized by product classes; in D-1, by preference ratings; and in D-2, by industry or end use.

Sections E and F are about inventories. For each material there is now reported the amount used during the three recent months and the inventory at that period's end, and for the quarter-year under consideration the anticipated requirements (including use from inventory) and the required receipts. For metals a classification on the back of the new supplementary instructions is used instead of Materials List No. 1.

Section E includes materials in "Materials List No. 1;" section F includes other materials for which a preference rating is desired. "Section E and F Supplement" (another sheet) for each material shows requirements by the product classes used in B; is now required for E materials. Section G (one line, F sheet) includes the value of required maintenance and operating materials other than those in E.

CAREFUL reading of the instructions will pay; this description is very much summarized. Information is available at WPB district offices and from the Production Requirements Branch, Bureau of Priorities, Division of Industry Operations, War Production Board, Washington, D. C.

FD-302 (Rev. 5-22-64)

NOTE

Attach a catalogue or other complete description of products included now on file.

Serial No. _____

Interim No. _____

WAR PRODUCTION BOARD
DIVISION OF INDUSTRY OPERATIONS
BUREAU OF PRIORITIES
WASHINGTON, D. C.

DO NOT USE

Co.	
Ind.	
St.	
P. H.	
Pr.	

APPLICATION FOR PRIORITY ASSISTANCE UNDER
PRODUCTION REQUIREMENTS PLAN
For Calendar Quarter Fourth 1943

Schedule for copies
Read instructions in Section A carefully before filling out Form

(Class and address of manufacturer) _____ (Domestic, foreign, or plant) _____

Section B.—Shipments: Show below the number of units and dollar volume of shipments (including transfers to other divisions, departments, or plants) of each of the classes of products shown in column (1). For calendar quarter ending 12/31/43 Estimate the dollar volume for calendar quarter in total only. Please read the instructions for guidance in grouping the products you manufacture.

DISPOSITION OF CLASSES OF PRODUCTS	DO NOT USE	TYPE OF MEASURE	SHIPMENTS DURING QUARTER ENDING 12/31/43										ESTIMATED TOTAL SHIPMENTS—CALENDAR QUARTER ENDING 1943	
			FROM										TOTAL	DOLLARS (ONE MILLION)
			TO	TO	TO	TO	TO	TO	TO	TO	TO	TO		
(1)	(2)	(3)	Units (4)	Dollars (5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	Units (13)	Dollars (14)	
			<div style="display: flex; justify-content: space-around;"> From A and B From A-1 and A-2 From A-3 and A-4 From A-5 and A-6 From A-7 and A-8 From A-9 and A-10 </div>											
TOTAL			X X X X X X X										X X X	

INVENTORY	SEPTEMBER 30, 1942		DECEMBER 31, 1942		DATE OF MOST RECENT FURTHER INVENTORY (Give date)	
	(1)	(2)	(3)	(4)	(5)	(6)
Raw Materials						
Work in Process						
Finished Goods						
Supplies						
Other						
BOOK TOTAL of above						

Section D.—Report of analysis of total dollar volume of shipments, and unfilled orders, of classes of products included in Section B for most recent three months possible.

PART 1.—CLASSIFICATION OF SHIPMENTS AND UNFILLED ORDERS BY PREFERENCE RATING

ITEM	CLASSIFICATION	SHIPMENTS DURING QUARTER			
		From Preference Rating	To Preference Rating	From Preference Rating	To Preference Rating
(1)	(2)	Dollars (3)	Dollars (4)	Dollars (5)	Dollars (6)
1	PREFERENCE RATINGS:				
2	Total		100%		100%
3	A-A				
4	A-1-a				
5	A-1-b				
6	A-1-c				
7	A-1-d				
8	A-1-e				
9	A-1-f				
10	A-1-g				
11	A-1-h				
12	A-1-i				
13	A-2				
14	A-3				
15	A-4				
16	A-5				
17	A-6				
18	A-7				
19	A-8				
20	A-9				
21	A-10				
22	Refuse Order assigned an A-10 Rating by Priority Regulation No. 1				
23					
24					
25	All B Ratings				
26	Known to be Nondefense				
27	Defense Status Undetermined				

PART 2.—CLASSIFICATION OF SHIPMENTS BY INDUSTRY OR END USE

ITEM	CLASSIFICATION BY INDUSTRY OR END USE	DOLLAR VOLUME	PERCENT OF TOTAL DOLLAR VOLUME
1	Army		
2	Navy		
3	Maritime Commission		
4	Aircraft		
5	Machine Tools		
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27	All other not classified		
28	TOTAL SHIPMENTS		100%
29	Shipments to distributors, wholesalers, jobbers, dealers for stock; do not include direct shipments.		

[illegible]

How form PD-25A has been recently simplified is partly indicated by the deletions and the type-written headings on this less than one-half size reproduction of the page containing sections B, C, and D, and (at the bottom) of part of the page with headings for section E. On sections F and G respectively (not shown here) columns 4 and 5, and 4, 5, 6, 7, 8, and 10 do not need to be used. All these changes are fully explained in an 11 1/2 by 16-inch sheet of supplementary instructions of May 9, 1942. When this simplifying sheet was issued, it was also announced that special application blank PD-25X, for concerns having an annual business of less than \$100,000, would be discontinued and that PD-25A would be used instead.

materials are withdrawn for the period. On the contrary they are only reserved for unforeseeable or unaccounted demands not included in the first allocation. They will be distributed in a second allocation within the period, at which time they will be directed to the points where they will be most urgently useful.

In addition, another reserve will be accumulated in the inventory adjustments made on the individual allocations. Aggregate inventory information can be used only in a limited way. On the individual schedules, however, applicants with long inventories will not be allocated all of their requirements, so that the shipments allocations will be smaller than the requirements upon which the lump-sum allocations were based.

Since the allocated quantity will be smaller than the supply, all authorizations for material will be filled in the quarter. Nonetheless, the military demand can be given first preference and essential civilian and maintenance and repair a secondary rôle. To prevent unnecessary accumulation in the first month of the period, an attempt can be made to schedule deliveries.

Information on total supply of and demand for materials other than metals and parts and assemblies will not be available for the third period. Quantities of these can be limited on an overall basis in terms of the rate of shipments the metals allocation is designed to facilitate. The quantity thus established will be given preference ratings in which the multiplicity of ratings against the producer's shipments will be consolidated into not more than three ratings for acquiring materials other than metals, parts, and assemblies. Thus metals can be allocated and the demands for other production items can be correlated to those allocations.

The allocation program based on correlating total demand and total supply may be expected to expand in the future to cover chemicals, fibers, and other raw materials as well as forgings, bearings, compressors, other parts, and

finished items when effective distribution can be had only through allocation. In its present form, the Requirements Program embodies allocation only as an "Input" control. It continues the Preference Rating System as a method of "Output" control. This stage of development rests upon the assumption that there is a definite relationship between the demand for materials, parts, and assemblies. By direct allocation of material the indirect demand for parts and finished items will be reduced accordingly to a level within the limits of supply.

Nonetheless there is adequate recognition that for many items such as compressors, machine tools, and bearings, limitations on fabricating facilities create shortages as serious or more serious than materials. A moment's reflection, however, will indicate the tremendous volume of paper work involved in complete allocation of all parts and finished goods. The Production Requirements approach is designed to reduce paper work to a minimum by limiting allocation to the "must" items.

Purposes of PRP

The Requirements Program is designed to bring together aggregate production schedules and material procurement schedules on a national scale. On this basis the items to be made and the quantities of materials to be allocated for their production can be determined as a national policy in relationship to war and essential civilian needs. This policy determination establishes the framework which national needs dictate. Within it the competitive system operates in traditional American fashion.

This is made possible by applying the policy decisions at the individual fabricating unit level. Thus any enterprise which can get orders for and produce the items for which material is allocated can obtain its share. Furthermore, since this is an input control designed upon a basis of aggregate needs, if the producer can make more units of output from the materials made avail-

able the advantage accrues both to the producer and the national output. Thus if the smaller quantity of materials made available to many essential lines of output results in an opportunity to spread the material thinner the result should be a larger output of essential items.

To carry out policy at the individual company level requires the development of a substantial volume of information by each producer. Such paper work is both irksome and expensive, but the alternatives as demonstrated by English and German experience appear to involve as much and more paper work. More important, the alternative is largely one of allocating materials to the prime contractors and giving them the authority to distribute them. Under this method the problems of administration are equally great but concealed from public view.

For the purposes of translating policy into administrative action this is superficially the simplest device. It means, however, that once the material has been allocated to the large contractors responsible for the delivery of finished items such as ships, tanks, and planes, these contractors then control the distribution of materials to sub, sub-sub contractors, and other suppliers. When fabricating facilities are available to handle material in larger quantities than has been allocated, this enhances the bargaining position of the prime contractor in relationship to his suppliers. This tends to channelize or cartelize production in a way which United States custom and law has always found undesirable.

The Production Requirements Program attempts to avoid this kind of trade and industry organization and to preserve the existing industrial units in so far as the war effort permits. It attains this objective by dealing with the allocation problem at the company level, thereby directing materials to the producers who have been successful in obtaining orders for the items which can be manufactured under war conditions.

New types of financing institutions took their place beside the old with the emergence of modern industrial America. In this last of a series reviewing the rise and growth of our financing techniques, Mr. Foulke describes fifteen types of private lending organizations, pointing to the conditions which brought them into being, and sketching something of their operations. The author has drawn upon material gathered as part of his research for his recently published THE SINEWS OF AMERICAN COMMERCE.



BATTLE OF KENESAW MOUNTAIN JUNE 27, 1864—PHOTOS COURTESY OF THE NEW-YORK HISTORICAL SOCIETY

Evolution of Financing Institutions from 1841

ROY A. FOULKE

Manager, Specialized Report Department
DUN & BRADSTREET, INC.

FROM the 1837 crisis to the Civil War, credit, outside the mercantile field, was extended entirely by pawnbrokers in the personal loan field; by commercial banks to industry and commerce; by fire, marine, and life insurance companies, mutual savings banks, and building and loan associations primarily in long-term mortgage loans.

With the rise of cities and their masses in the industrial North during and after the Civil War, there developed an extension of installment merchandising to low-income groups, and an expansion in the small loan business.

In the latter part of the nineteenth century and the early part of the twentieth, additional types of credit granting organizations were evolved to serve new needs: factors, title guarantee and mortgage companies, personal loan companies, credit unions, industrial banks, sales and discount finance companies; Stock Exchange commission houses. The organizations served busi-

ness houses, consumer, and speculator.

During the nineteenth century the use of credit expanded as a means of developing commerce, industry, and speculation. In the twentieth, these new specialized types of credit institutions stimulated and supported commerce and industry and, in the flowering years preceding the Great Depression, intensified speculation.

A gradual change occurred in typical mercantile credit terms from twelve months during the colonial period to six months in the first third of the nineteenth century. A tendency also arose toward the use of specialized terms by different divisions of industry and commerce. A decade before the Civil War it was customary, as in colonial days, to have different prices for the very same merchandise, depending upon how much time the buyer expected to take to pay.

Customary mercantile terms up to the Civil War called for payment by notes or trade acceptances running

from four to eight months, but with a very respectable allowance (the word "discount" was only occasionally used) for immediate payment of cash.

How New York wholesale dry goods distributors transacted business about 1858 has been described by a prominent nineteenth century New York merchant, Edward D. Page. He wrote that eight months' credit was the customary terms of sale used by the New York wholesalers, but he also indicated that six months' terms were also used as elsewhere.

The typical retail merchant he pictured as coming to New York twice a year to buy. He bought at the warehouse after careful examination, not by sample or catalogue. He purchased dry goods from one dry goods distributor, his groceries from one concern in the wholesale grocery trade, and leather goods from one concern in that line. Then came the Civil War and the every-day methods of transacting business changed.

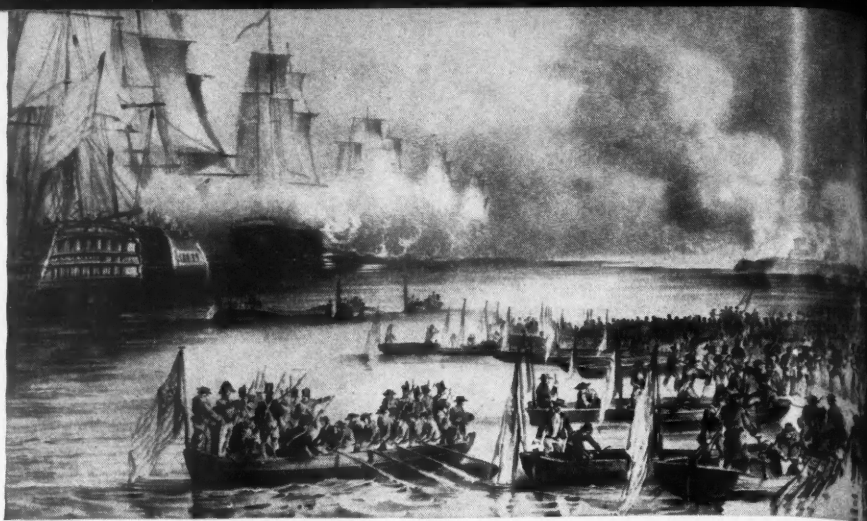
From 1862 until 1897, the period of specie payment suspension, raw materials and finished merchandise were purchased in fluctuating units of monetary value. The constant daily fluctuations naturally brought an increased hazard into the extension of credit by mercantile houses. Uncertainty and apprehension have never been conducive to the use of long terms of sale.

Moreover, a seller's market developed, with demand for merchandise greater than the supply, so that the manufacturer was in an ideal position to select strong customers who could meet obligations on shorter terms. Mercantile credit became customary for 30 days and in some cases for only ten days. In addition, a cash discount for early settlement became widely used.

The seller's market was gradually succeeded by a buyer's market after the war as production of articles for peaceful consumption began to outrun demand. This changed background, together with the resumption of specie payment in 1879, became the signal for selling on somewhat longer terms, such as 60 days instead of 30 days, but a discount for cash payment within a short period continued to be allowed.

This shift to shorter net terms was facilitated by the rapid growth in the means of communication and transportation. The trend became stabilized but with an almost infinite variety in the terms of sale as we entered that period of tremendous industrial and commercial expansion with increased specialization in every form of economic activity. Since 1879 two broad influences—the nature of the product being sold and the competitive conditions of the market—have gradually modified terms of sale in most divisions of industry.

A survey made by the Department of Commerce in 1939 indicated that sales by all manufacturing enterprises in the country aggregated \$56,828,000,000, and by all wholesalers aggregated \$55,112,000,000. Of the manufacturing sales 90.4 per cent, and of the wholesale sales



LANDING OF THE AMERICAN FORCES UNDER GENERAL SCOTT AT VERA CRUZ MARCH 19, 1847

92.2 per cent, it was estimated, were on the infinite variety of mercantile terms of sale gradually evolved since 1879 to suit the peculiar needs of particular divisions of industry and commerce in our unfolding technological economy.

The census of 1850 listed 72 persons engaged in pawnbroking in the United States. The yearly volume of this business increased substantially after the Civil War. In 1869 there were 71 licensed pawnbrokers in New York City alone. It was estimated that the profits of the licensed pawnbrokers were moderate, and that at least two-thirds of the loans by pawnbrokers in New York City were by unregulated lenders at higher rates.

In 1860, 19.8 per cent of our population was urban, and in 1900, 40 per cent. Misery and want multiplied, and pawnbroking steadily increased. The census of 1870 showed 384 pawnbroking establishments in the country.

On January 1, 1911, there were 1,976. Then the number decreased materially, probably the result of increased competition from remedial loan societies, personal loan companies, credit unions, and more recently, from the personal loan operations of commercial banking institutions. The census of 1930 showed 1,509 pawnbrokers in existence; the 1935 business census showed 1,142.

In 1841, 131 domestic mutual and stock fire and marine insurance companies, and branches of five English companies were active in the United States. Sixty of these were still operating in 1941.

The public demanded greater stability in these companies after the great New York fire of 1835 put 38 of the 40 active fire insurance companies in bankruptcy. In 1837 Massachusetts provided that a reserve fund be maintained. Here was the beginning of the unearned premium fund. New York State enacted a similar law in 1853.

United States data lacking, New York State compilations probably give the best indication of the growth of these companies. In 1865 there were 174 with "admitted" assets of \$97,630,000; on December 31, 1939, there were 395, with "admitted" assets of \$2,698,290,000.

Over the years these companies invested more and more of their funds in liquid assets and a smaller portion in mortgage loans, as other lending institutions played an increasingly stronger rôle in mortgage loans.

December 31, 1940, there were about 682 fire and marine insurance companies in the United States with total "admitted" assets of about \$3,076,000,000.

Although life insurance in the United States is primarily a development of the past 100 years it was occasionally taken out in earlier years, the policies being issued under very rigid restrictions and only for short periods.

The New England Mutual Life Insurance Company located at Boston was chartered April 1, 1835, but its first policy was not issued until 1844. The Mutual Life Insurance Company of New York was organized in 1842, and on February 1, 1843, this new enterprise,

the first typically mutual life insurance company to become active in the United States, issued its first life insurance policy.

This marked the beginning of a new era in American life insurance, as well as the development of tremendous funds which would seek outlet through credit in our economic world.

Cash premiums received for the payment of these policies built up reserves which needed to be invested much more rapidly than the capital and reserves of the early fire and marine insurance companies. Its charter conservatively restricted the company to investing in bonds and mortgages on unencumbered real estate with the State of New York, the real property to secure such investments to be worth twice the amount of the mortgage.

December 21, 1843, the company had taken in cash of \$35,610.13. Of this, \$10,000 was invested in New York City Water loan bonds, \$2,055 in New York State bonds bearing $5\frac{1}{2}$ per cent, and \$17,000 in mortgage loans. This practice of investing a greater part of accumulated reserves in mortgage loans became a basic policy.

While visiting England in 1844, Elizabeth Wright, famous actuary, witnessed an insurance auction at the Royal Exchange. There stood an old man on the auction block, his policy being offered to the highest bidder. Somebody bought the policy at a small fraction of its obvious worth, and waited impatiently for the old man to die. Or perhaps he was not so patient. Wright's persistent investigations found "certain cases where the evidence fairly shouted 'Murder!'"

One year after Wright's visit, Ephraim Paulk of Bangor, Me., holder of policy number 78 of the New Eng-

land Mutual Life Insurance Company, surrendered it for a fair sum in cash, apparently the first case recorded.

In 1853 Wright completed his tables of "net valuation," establishing the first scientific basis for determining the cash value of a life insurance policy. In 1858 Massachusetts enacted these tables into law.

A study made by the Securities and Exchange Commission indicated there were about 365 legal reserve life insurance companies in existence in 1938, with total assets exceeding \$28,000,000,000. New York State's 57 companies represented only 15.6 per cent of the total, but "admitted" assets of these represented 91.5 per cent of the aggregate "admitted" assets of all legal reserve life insurance companies in the United States.

Of total assets held on December 31, 1938, 27.69 per cent consisted of industrial, public utility and railroad bonds; 26.28 per cent was in bonds of the Federal Government, States, municipalities, and other political divisions; 19.17 per cent in mortgage loans on properties; 11.62 per cent in policy loans and premium notes; 7.3 per cent in real estate; 2.17 per cent stocks in business enterprises, and miscellaneous, 5.77 per cent.

The Metropolitan Life Insurance Company, New York, on December 31, 1940, had "admitted" assets of \$5,357,000,000 and was the largest financial institution in the country. Of this, \$1,063,435,000 was invested in securities of the Federal Government and \$937,226,000 represented mortgage loans. The rapid growth in the amount of assets of life insurance companies has been one of the outstanding phenomena of our day and age.

On February 12, 1850, the Franklin

Health Assurance Company was organized to insure against loss of wages from accident or otherwise. There followed companies to insure against an almost infinite variety of possible contingencies—casualty and surety companies, burglary, fly-wheel, plate-glass, automobile, tornado, and credit insurance.

No comparative figures are available over the years giving the full number of these insurance companies or the total amount of their "admitted" assets. There would seem little doubt that their assets have gone steadily upward.

Second in importance only to mercantile credit in the development of our commercial and industrial activity has been the strategic part played by commercial banking institutions.

Their numbers jumped from 691 in 1843, to 1,208 in 1853 and the upward tendency continued to 1,601 in 1861.

At the opening of the Civil War in 1861 loans and discounts aggregated \$696,800,000. These banks were established on a great variety of security, of different qualities and quantities.

The election of 1860 gave a severe shock to public and private credit. Southern banks withdrew large amounts from Northern banks; loans were contracted, and by the middle of the month the "panic" was widespread. Under the lead of New York City banks, specie payment was suspended throughout the country December 30, 1861.

In November, 1862, about 7,000 kinds of bank notes were in circulation, to say nothing of the more than 5,500 varieties of fraudulent notes.

The act to provide a national currency secured by a pledge of the United States bonds was approved February 25, 1863. The system provided that a commercial banking institution, upon depositing bonds with the Treasurer of the United States, could receive circulating notes to the amount of 90 per cent of the par value of the bonds deposited but not exceeding 90 per cent of the par value. It was not until after the Civil War that the national bank-

THE RETURN OF THE 60TH REGIMENT, JULY 27, 1861



ing system took more nearly complete possession of the commercial banking field.

The New York Life Insurance and Trust Company, organized in 1830, was the first concern to incorporate with the word "trust" in its title. The cumulative growth in private fortunes following the Civil War provided increased personal trust business. Only 35 active trust companies were reported in 1875, all in New York City; there were 290 in 1900, widely distributed.

Increased competition has destroyed the practical difference between commercial banks which carry on extensive trust functions, and trust companies. On June 29, 1940, 1,540 national banks in large cities exercised extensive fiduciary powers.

By 1880 there were only 2,726 national, State, and private commercial banks and trust companies. In 1922 there were 29,770 aggregating deposits of \$35,347,000,000. Latest available figures as of June 29, 1940, show a drop in number, but increased deposits to an all-time high—\$60,522,000,000.

Under authority of the Federal Reserve Act of 1913, twelve Federal Reserve Banks were organized in different parts of the country "to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes." National banks were obliged to become members and to subscribe to capital stock of the Federal Reserve Bank in their district, while State banking institutions, both commercial and savings, were given the privilege of becoming members. These banks provided a strong centralized agency to which the banking institutions of the country could turn in time of need.

By an Act of June 19, 1934, Congress enlarged upon the powers of Federal Reserve Banks by authorizing loans directly to established business enterprises to furnish working capital.

Mutual savings banks numbered 61 in 1840, 652 in 1900. In the 1860-1870

decade 299 mutual savings banks were opened.

In 1900 there were 5,370,000 depositors totalling deposits of \$2,134,000,000 or \$397 per depositor. In 1930 the 11,895,000 depositors aggregated deposits of \$9,191,000,000 or \$772 per depositor.

Early in 1941, the 125th anniversary of mutual savings banks, there were 540 in 17 States with deposits of about \$11,000,000,000 or almost one-sixth of the total bank deposits of the nation. January 1, 1941, there were 15,624,440 depositors in mutual savings banks with average deposits of \$679.56.

Over the years there has been a tendency to invest a larger and larger portion of the assets of the mutual savings banks in mortgage loans. In 1931, 54.6 per cent of their resources were so invested.

There is not a mutual savings bank south of the Potomac, nor is there one in the whole cotton, corn, or wheat belt west of the Mississippi, except in Minnesota, California, and Washington. Only where there exists a numerous employee class has there seemed to be a need for mutual savings banks.

Building and Loan

The Decatur Building Association, of Frankford, Pa., the oldest building and loan association in continuous operation in the United States, was founded December 12, 1848. By 1893, the first year for which accurate information is available, there were 5,598 in existence with 1,349,437 members and total assets of \$473,137,000.

Four major types of organization have been used, the terminating plan, the serial plan, the permanent plan, and the permanent capital plan. The terminating type ceased to exist when the object for which the members be-

came associated had been accomplished.

The serial plan arose in the 1850's. Here, instead of issuing only one series of stock, several series would be issued at stated intervals. Dues would begin on each series when the stock was issued and the shares accordingly would mature at different dates. Members of each series would constitute practically a terminating association among themselves. Profits would be distributed to the shares of each series in proportion to the amount of dues paid and the length of time the money had been on deposit with the association.

After about 1880 the permanent plan began to dominate the picture. With this plan shares may be issued at any time, accounts of individual members are kept separately, that is, individual shares may start and mature without reference to the status of other shares.

The basis for the permanent capital plan is the issuance of a non-withdrawable class of stock which has definite contractual liabilities to the other classes of members of the association.

Since 1933 it has been possible to organize building loan associations under Federal charters. Under the Home Owners' Loan Act of 1933, they are termed Federal Savings and Loan Associations and are organized and supervised by the Federal Home Land Bank Board. June 30, 1940 there were 1,429 of these in 45 States.

During the year ending June 30, 1940, Federal associations made new mortgage loans of \$457,816,000. Shareholders increased during 1940 to 1,562,079 from 1,299,915. Their investments at the end of the fiscal year totalled \$1,268,048,000 against \$900,872,000 the previous year.

Throughout the colonial era factors were intimate personal agents who

THE CAVALRY CHARGE OF LT. HARRY B. HIDDEN



cared for the local financial interest of one or several distant business enterprises. They were really merchants who performed supplementary specialized services: they sold on a commission basis products of the new land; sold goods out of their own stocks at current prices which colonial traders ordered from Britain; insured ships and cargoes, advanced funds if the colonist's credit was good.

Some British merchants, in turn, sent factors to the colonies. Many were natives of Scotland, soon acquiring reputations as shrewd business men.

By the second quarter of the nineteenth century factoring in the United States had developed into distributing goods largely for European manufacturers and exporters on a commission basis.

An expanding market was created for European manufactured merchandise as our population increased and spread westward. Textiles of all kinds were in greatest demand. From 1800 to 1840 more and more factors went into business and prospered.

Between 1889 and 1905 the business underwent a radical change. The McKinley tariff of 1890 placed almost prohibitive duties on textiles. Overnight factors were forced to concentrate on domestic business, offering their services to American mills. The selling end of the business dried up as American mills preferred to retain their own sales departments, and the factoring business came to have three distinct attributes: passing upon the credits of customers from whom orders for merchandise had been received and in most cases cashing the sales, that is, buying these receivables outright without recourse; advancing credit to textile mills, selling agents, and converters against finished merchandise as security; and in some cases performing a group of special services such as providing space for the display and storage of merchandise, handling insurance, billing, packing, shipping, making city deliveries.

Around 1930 several factors began to

experiment with business in fields outside the textile industry, in such lines as shoes, chinaware, furs, and leather; fields where credit investigations and credit files would need to be created for a single customer. Factors are going more and more into other lines of business under modified arrangements. In 1940 there were seventeen factors in existence. These handled an aggregate volume of business in that year of about \$800,000,000.

By 1928 finance companies were entering the factoring business. At the present time, for instance, Commercial Investment Trust Corporation has three wholly owned subsidiaries which represent the consolidation, merger, and purchase of the assets of nine textile factors. In September, 1933, the Commercial Credit Company purchased control of the Textile Banking Co., Inc., the one textile factor operating under a banking charter obtained from the State of New York. On July 1, 1935, this company also acquired all the capital stock of a second factor, Ed. Wright Ginsberg Corporation.

The technique of extending credit in the form of guaranteed mortgages which were then sold to investors, was an outgrowth of the business of title insurance. This highly specialized technique which in the end proved so unsound and costly was confined largely in New York State.

By 1920, after a slow beginning, eleven corporations were operating in the guaranteed mortgage field in New York State with an aggregate capital and surplus of about \$60,000,000. These corporations had outstanding guarantees of about \$529,000,000.

A certified mortgage was a legal investment for trustees, executors, and guardians, in New York State in 1918. This type mortgage was developed so that the small investor could place his funds in real estate mortgages as an investment.

The greatest growth in the real estate mortgage field began in 1922 and carried through the tragic year of 1929. During this interval the certified mort-

gage came into prominence due to the construction of numerous large office buildings, hotels, and apartments. By 1932, it has been estimated "some 500,000 individuals" had invested in guaranteed mortgages and certificates secured by real estate in New York State.

The larger and more prominent mortgage companies did not begin to encounter financial troubles until 1931. Rents decreased sharply, building owners were unable to meet amortization and interest charges, affecting the income of the mortgage companies. It now became impossible to cover all interest payments on the guaranteed mortgage certificates. Defaults on interest brought about the maturity of the principal sums. It was not long before liabilities mounted beyond all proportions to the ability to pay. The authorities in New York State took the companies in August, 1933, and began a rehabilitation program.

In 1938 New York passed a law outlawing the practice of guaranteeing the payment of principal and interest on mortgage loans.

In the 1840's a class of urban wage-earners came into being, and retailers began to grant them open-book credit, a practice becoming increasingly common up to the Civil War. As wage payments became more frequent, terms were shortened, hazards reduced, and merchants became more willing to accord consumer credit.

Selling of merchandise on installment, earlier developed in the sale of horses, carriages, farm equipment, and furniture, now spread to newer products such as pianos and stoves, sales being made directly to the consumer through agents of the manufacturers. The Singer Sewing Machine Company is said to have entered the installment field by 1850. Prior to the Civil War, installment sales were confined almost entirely to products which had a satisfactory resale market. Down payments were large, and terms short.

Shortly after the Civil War the liberalization of installment terms occurred
(Continued on page 31)



ACME

THE *Underlying* TREND

SUMMARY: While production and payrolls climb to new highs, restrictions on consumers' goods and the broadening of price controls act to reduce wholesale and retail trade volume. Inventories remain high. Security market prices and volume move at low levels.

THE outstanding feature of the business trend during past weeks has been the pronounced let-down of civilian buying activity. Apparent in the levelling-off of trade indexes before the imposition of the general price ceiling, the slackening of anticipatory buying has in May developed into a general decline of sales volume in both the primary and retail markets.

Merchants who were at first inclined to attribute the lull to hesitation preceding the price regulation report no spurt of demand following the effective date of the general ceiling. While the reasons for the slower pace of buying are to some extent conjectural, the evidence now at hand indicates that the let-down is more significant than a temporary lull developing over price hesitation.

The curtailment of forward buying suggests that the price freeze has successfully removed one of the incentives for the speculative hoarding of goods. Since proposed Government regulations also call for a specific ceiling on trade inventories, additional wholesale buying is discouraged, too, by the large holdings already in trade hands. Physical limitations—lack of storage space, credit tied up in present stocks, shortages of some goods—are reported to be significant factors restricting new orders of many retailers.

As for consumers' spending, there are signs that it has been curtailed not only as a reaction from the unusual pace of buying in early 1942, but also as a result of the more stringent credit

regulations, the taxes imposed, and the proposed fiscal measures, such as forced savings, now under Congressional consideration. Like price control, rationing of sugar and gasoline has evidently had a sobering effect on consumer buying psychology.

The implications of the let-down in civilian demand must be viewed against the back-drop of the general economic situation. It is not often that a widespread decline of sales can be taken as a favorable development. But in view of the productive and fiscal demands of the war program, the need to control price rises and to apportion scarce supplies equitably, this decline has favorable significance beyond the current loss of volume for business men.

PRODUCTION

The acceleration of war output hastens civilian curtailment and demands further conversion.

The significance of diminished civilian buying is nowhere more apparent than in the statistics of industrial production. The general level of activity has continued to rise—the FRB adjusted index is 174 for April, against 172 in March—but the upward trend in total covers a steady shrinkage in activities having to do with civilian goods.

In production of consumers' goods, this shrinkage has been about 12 per cent over a year (Federal Reserve Bank of New York in an index corrected for long-time trend). Consumers' non-durable goods output is only slightly

below that of last year, but consumers' durable goods production, which has been going down steadily since last June, in April was at a level less than half that of 1941.

Government orders calling for even more drastic curtailment of civilian production are in accord with official reports that the war effort, while sharply increased over recent months, requires further acceleration in the months ahead to meet the goals set. Expenditures for war purposes—a rough measure of the progress of war production—were reported by WPB at a total of \$3,421,000,000 in April, the daily rate at \$131,600,000, almost double the pre-Pearl Harbor rate. Yet even with the rapid strides already made, at the April rate of payments on contracts unfilled orders represent a two-and-one-half year production load.

INVENTORIES

Inventories which have absorbed some of industry's output must now meet part of current demand.

Over past months some portion of industry's production every month has been going to the building of stocks. Now that civilian production curtailment is being intensified, the exceptionally large volume of inventories accumulated in trade and manufacturers' hands has special meaning for the maintenance of consumption.

Up to the latest period for which statistical information on stocks is available, there is evidence of continued over-all expansion. At the end of

BUSINESS CONDITIONS

THE UNDERLYING TREND below
An analysis of the latest developments affecting trade and industry, the level of prices and employment.

REGIONAL TRADE 20, 21, 22
Indexes of buying supplemented by up-to-date comments on regional trends in buying power and trade.

BUSINESS INDICATORS 22
Monthly bank clearings and building permits, weekly food prices, a daily index of commodity prices.

BUSINESS FAILURES 23
The number and size of failures, their distribution by Federal Reserve districts and by industries.

1939	1940	1941	1942
January	100	100	100
February	101	101	101
March	102	102	102
April	97	97	97
May	98	98	98
June	103	103	103
July	105	105	105
August	106	106	106
September	114	114	114
October	121	121	121
November	123	123	123
December	125	125	125

1939	1940	1941	1942
January	84.7	84.7	84.7
February	84.1	84.1	84.1
March	86.3	86.3	86.3
April	83.2	83.2	83.2
May	85.9	85.9	85.9
June	84.4	84.4	84.4
July	81.9	81.9	81.9
August	83.3	83.3	83.3
September	86.8	86.8	86.8
October	87.1	87.1	87.1
November	86.3	86.3	86.3
December	100.5	100.5	100.5

Wholesale Commodity

1939	1940	1941	1942
January	76.9	76.9	76.9
February	76.9	76.9	76.9
March	76.7	76.7	76.7
April	76.2	76.2	76.2
May	76.3	76.3	76.3
June	76.6	76.6	76.6
July	77.4	77.4	77.4
August	77.7	77.7	77.7
September	79.1	79.1	79.1
October	79.4	79.4	79.4
November	79.2	79.2	79.2
December	79.2	79.2	79.2

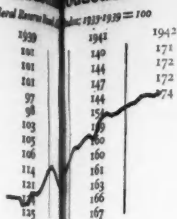
* Rough approximations; BLS figures.

REGIONS

U. S.	1939	1940	1941	1942
1. New England	100	100	100	100
2. New York City	100	100	100	100
3. Albany and Syracuse	100	100	100	100
4. Buffalo and Rochester	100	100	100	100
5. Northern New Jersey	100	100	100	100
6. Philadelphia	100	100	100	100
7. Pittsburgh	100	100	100	100
8. Cleveland	100	100	100	100
9. Cincinnati and Columbus	100	100	100	100
10. Indianapolis and Louisville	100	100	100	100
11. Chicago	100	100	100	100
12. Detroit	100	100	100	100
13. Milwaukee	100	100	100	100
14. Minneapolis and St. Paul	100	100	100	100
15. Iowa and Nebraska	100	100	100	100
16. St. Louis	100	100	100	100
17. Kansas City	100	100	100	100
18. Maryland and Virginia	100	100	100	100
19. North and South Carolina	100	100	100	100
20. Atlanta and Birmingham	100	100	100	100
21. Florida	100	100	100	100
22. Memphis	100	100	100	100
23. New Orleans	100	100	100	100
24. Texas	100	100	100	100
25. Denver	100	100	100	100
26. Salt Lake City	100	100	100	100
27. Portland and Seattle	100	100	100	100
28. San Francisco	100	100	100	100
29. Los Angeles	100	100	100	100

* Unavailable.

Industrial Production



March the index of manufacturers' inventories (Department of Commerce) had reached 166.1 (1939 = 100) compared with 124.1 in March a year ago. Wholesalers' inventories, the one category to show no change in March, were still 20 per cent above the previous year. Department store inventories (FRB index adjusted for seasonal variation, 1923-1925 = 100) were up to 107, from 103 in the previous month and 74 in the previous year.

More recently there are signs that the slower rate of replacement buying, with the decline in civilian production, has begun to reverse this upward trend. The total of banks' commercial, industrial, and agricultural loans has fallen off steadily since the end of March, from a high of \$7,035,000,000 to \$6,613,000,000 in mid-May. Now WPB has under consideration a tightening of controls which will in many instances make some inventory liquidation mandatory. Inventories begin to act as a cushion against the sharp curtailment of supplies.

INCOME AND SPENDING

In contrast to the steady rise of incomes is the sharp and widespread decrease in spending.

The volume of income payments has continued the expansion to unprecedented levels. Reflecting the increase of total production despite the let-down in the non-war industries, factory payrolls in April measure 186.4 on the USBLS index (1923-1925 = 100), compared with 173.5 at the start of this year.

Income payments on an adjusted index had reached a level of 161.7 by April, up from 155.7 in January (1935-1939 = 100).

In sharp contrast to the steady rise in the income received by consumers is the substantial decline in consumers' spending. After allowance for the seasonal trend, buying has fallen off every month since January, when a wave of anticipatory purchasing carried sales figures to record highs. The DUN's REVIEW barometer, for example, records a drop from 131.8 in January to 107.0 in April (1928-1932 = 100). The decrease in this index is one of the sharpest ever measured.

That the let-down has been widespread is indicated by the regional barometers which show trade substantially lower in every region; in only two—the New Orleans and San Francisco regions—is the January-April drop less than 10 per cent. In April half of the twenty-nine trade areas no longer record any gain compared with the level of buying a year ago.

SAVINGS

The rising rate of savings reflects the diversion of income gains from the retail market.

The factors which have recently encouraged a decline in spending—the rationing of some goods, credit restrictions, consumers' tax anticipation, psychological uncertainty, resistance to price increases—have at the same time expanded both the rate and the volume of savings.

The flow of money into Government war bonds, however, has apparently not kept pace with the general increase of savings. From the record volume of \$1,060,546,000 in January, savings bond sales have dropped off to \$530,502,000 in April, presumably reflecting the fact that many large investors purchased their legal maximum at the beginning of the year. An upturn in buying during the first half of May is the first evidence of a reversal of the four-month decline.

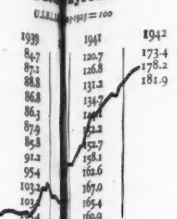
PRICES

Price controls, backed by the let-down of demand, halted the wholesale price rise during May.

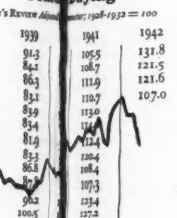
With the shrinkage of civilian goods output, the rate of spending and saving has exceptional importance for Government efforts to control prices. In the trend of wholesale prices during the first three weeks of May there is evidence that the let-down of demand lent support to the ceiling regulations which became effective on most commodities May 11. A slight decline in prices for agricultural commodities, largely excluded from these controls, helped to lower the general price level in the week following the imposition of the ceiling.

The wholesale price index (USBLS) registered a fractional decline in the week of May 16, which put it at a level of 98.5, still however about 1 per cent above the highest level reached in March, the base period stipulated in the General Maximum Price Regulation.

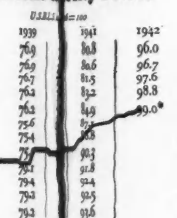
Factory Payrolls



Consumer Buying



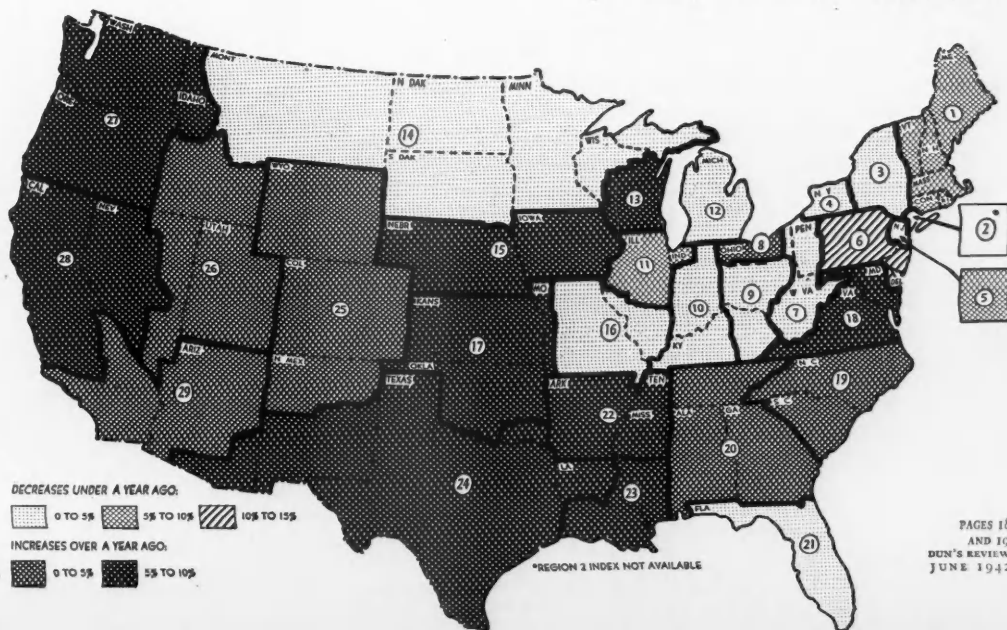
Wholesale Commodity Prices



DUN'S REVIEW REGIONAL TRADE BAROMETERS

Seasonally adjusted; 1928-1932=100; compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.

REGION	Change from April 1942	Change from March 1942	1935 Retail Sales Per Cent
England	107.0	121.6	100.0
New York City	90.9	103.1	7.8
and Syracuse	110.2	128.8	2.5
and Rochester	95.4	112.9	1.9
and New Jersey	95.6	109.9	2.9
Philadelphia	94.8	109.2	6.2
Pittsburgh	103.6	124.3	3.7
and Cleveland	121.8	131.2	2.9
and Cincinnati	120.9	129.6	3.1
and Indianapolis	136.5	146.4	2.6
and St. Louis	99.0	113.7	6.4
and Kansas City	118.0	129.3	4.0
and Omaha	120.3	147.8	2.2
and St. Paul	112.8	122.8	4.5
and Minneapolis	101.7	112.6	3.0
and Chicago	110.8	113.0	2.5
and Detroit	108.0	122.8	3.6
and Cleveland	146.0	154.5	3.8
and South Carolina	139.8	160.9	2.1
and Birmingham	153.4	166.2	3.5
and Atlanta	145.1	149.9	1.3
and New Orleans	140.8	159.4	1.5
and Houston	129.2	137.9	1.0
and Dallas	141.0	149.9	4.5
and San Antonio	119.5	132.5	1.3
and Austin	113.0	128.0	1.7
and San Francisco	130.6	136.5	2.7
and Los Angeles	116.8	111.6	4.7
and San Diego	111.2	111.9	0.6



For the first time since the start of the War, the volume of consumer buying is below last year in almost half of the major regions of the country. War dislocations increase the difficulties of compiling accurate regional indexes and make it important that comparisons between regions allow for some change in spending patterns.

TRADE ACTIVITY—A REGIONAL SUMMARY

BAROMETER CHARTS, WHICH WERE PUBLISHED LAST IN THE MAY ISSUE, WILL BE SHOWN QUARTERLY HEREAFTER.

REGION 1. NEW ENGLAND

APR., 90.9 MAR., 103.1 APR. 1941, 99.1

UNADJUSTED: APR., 98.9; MAR., 95.5

APRIL—Barometer drop below last year greater than country average; down for fourth month. Portland wholesale trade 10% above 1941, Boston 20%. Maple products output well above 1941. Factory payrolls up 25 to 35% from 1941 in southern States, large gains also in southern Maine. Collections steady to better than 1941.

MAY—Trade in rural Vermont, New Hampshire, Maine quiet, but towns benefiting from war work very active. Department store sales 8% above 1941. Bank clearings 3% above 1941 in Bangor, Portland 65%, Boston 22%, Worcester 7%, Hartford 7%.

REGION 2. NEW YORK CITY*

APRIL—Retail trade activity drops under March level. New York City wholesale and retail payrolls very little changed during the month; about 6% above 1941. Wholesale payrolls down 1% from March; retail expanded by 1%, factory off 1% as war industry gains fail to cancel decreases in consumers' goods lines. WPB order curtailing non-essential construction cuts employment in building industry normally employing 200,000 workers at season's peak. Collections better than last year.

MAY—Department store sales 4% above 1941. Employment unusually heavy in fur manufacturing. Garment manufacturers expanding Fall season operations; buying halted by uncertainty over price ceilings.

* Barometer not available.

REGION 3. ALBANY AND SYRACUSE

APR., 110.2 MAR., 128.8 APR. 1941, 110.5

UNADJUSTED: APR., 113.5; MAR., 123.9

APRIL—Barometer decrease from last year relatively small. Syracuse wholesale trade 29% above 1941. Farm income sharply higher than 1941. Industrial payrolls steady with March in Kingston-Poughkeepsie area; up slightly in Binghamton, Johnson City, Albany, Schenectady, Troy; off slightly in Utica, Syracuse. Collections generally better than a year ago.

MAY—Gloversville production schedules larger than a year ago. Curtailment in consumers' goods industries continues to check expansion in Syracuse, Amsterdam, Rome, and other affected cities.

REGION 4. BUFFALO AND ROCHESTER

APR., 95.4 MAR., 112.9 APR. 1941, 97.3

UNADJUSTED: APR., 100.8; MAR., 108.2

APRIL—Barometer drop from last year less than country; decline from last month greater than country. Buffalo wholesale trade 10% greater than 1941. Milk and egg production ahead of last year. Industrial payrolls and employment advanced over March. Largest increase of 5% in payrolls in Buffalo. Collections steady to better than last year.

MAY—Buffalo department store sales 15% above 1941, Rochester 5%. Buffalo employment and payrolls continue to rise; steel activity steady at 106% capacity; flour milling increasing.

REGION 5. NORTHERN NEW JERSEY

APR., 95.6 MAR., 109.9 APR. 1941, 105.6

UNADJUSTED: APR., 96.9; MAR., 106.8

APRIL—Barometer drop from last year relatively large; decrease from last month slightly greater than country. Newark wholesale trade up 20% from last year, 4% from March. Payrolls and production substantially larger than 1941, up in month despite priorities curtailment as conversion programs accelerated. Collections generally better than last year.

MAY—Newark department store sales 5% larger than 1941, increased over April. Newark area payrolls at new peak. Labor migration to Clifton, Jersey City. New Brunswick, Paterson, Kearny plants very active.

REGION 6. PHILADELPHIA

APR., 94.8 MAR., 109.2 APR. 1941, 110.0

UNADJUSTED: APR., 99.7; MAR., 106.7

APRIL—Barometer drop from last year largest in country; decline from last month greater than country average. Philadelphia wholesale trade 25% above last year. Factory payrolls up slightly from March; 30% above 1941 with largest gains in Philadelphia, Chambersburg, Sharon-New Castle, Wilkes-Barre. Collections slower in month.

MAY—Department store sales 10% above 1941 for region; bank clearings up 14% in Philadelphia, Trenton 37%; Scranton off 2%, Reading 29%, Chester 10%. Hard coal output much above 1941. Trenton employment advancing despite layoffs in tile, rubber plants.

REGION 7. PITTSBURGH

APR., 103.6 MAR., 124.3 APR. 1941, 109.1

UNADJUSTED: APR., 108.9; MAR., 113.7

APRIL—Barometer drop from last month one of greatest in country. Wholesale trade in Pittsburgh 15% above 1941, Erie 18%, Charleston 30%. Farm income gain over last year below country average. Payrolls and production much above last year, up in month. Soft coal output up from March. Collections steady with 1941.

MAY—Pittsburgh department store sales 4% above 1941; Pittsburgh bank clearings up 29%, Huntington 22%; Youngstown off 5%. Steel operations at practical capacity except in Wheeling where rate is 83%. Youngstown payrolls aided by industrial building boom.

REGION 8. CLEVELAND

APR., 121.8 MAR., 131.2 APR. 1941, 117.2

UNADJUSTED: APR., 134.0; MAR., 129.9

APRIL—Barometer gain over last year contrasts with drop for country; decrease from last month less than average. Cleveland wholesale trade 14% above 1941, Akron 12%, Toledo 16%. Winter wheat crop condition below 1941. Factory payrolls 30 to 40% above 1941 in Cleveland, Toledo, Akron, Canton. Collections generally better than last year.

MAY—Cleveland department store sales 10% above 1941, Akron 19%, Toledo 1%; Cleveland bank clearings up 22%, Mansfield 2%, Canton down 1%. Employment continues to rise as additional plants convert to essential work.

REGION 9. CINCINNATI AND COLUMBUS

APR., 120.9 MAR., 129.6 APR. 1941, 122.0

UNADJUSTED: APR., 125.7; MAR., 133.5

APRIL—Slight barometer decrease from last year; drop from March less than country average. Cincinnati wholesale trade 10% above last year, Columbus 5%. Extensive Spring planting under way. Payrolls generally up in month, down in Zanesville. Payrolls 55% above 1941 in Columbus, Cincinnati 40%, Dayton 20%; below 1941 in Zanesville. Collections above 1941.

MAY—Columbus department store sales 10% above 1941, Cincinnati 3%. Most Cincinnati plants working 24-hour schedules. Poultry and dairy production good; pasturage about same as last year.

REGION 10. INDIANAPOLIS AND LOUISVILLE

APR., 136.5 MAR., 146.4 APR. 1941, 138.9

UNADJUSTED: APR., 140.9; MAR., 147.3

APRIL—Barometer drop from last year and last month about half of decline for country. Louisville wholesale trade about even with 1941; Indianapolis up 12%. Payrolls steady to higher in month; large gains over 1941 in Connorsville, Fort Wayne, Indianapolis, Aurora, Marion, Michigan City, Richmond; small gains in Evansville, Lafayette, Kokomo. Collections steady to better than 1941.

MAY—Louisville department store sales below 1941; Indianapolis 8% higher than 1941. Crop outlook good. Coal output much above 1941. Louisville employment steady with last year, payrolls higher.

REGION 11. CHICAGO

APR., 99.0 MAR., 113.7 APR. 1941, 108.0

UNADJUSTED: APR., 103.4; MAR., 111.0

APRIL—Barometer decline from last year much greater than country; drop in month about same as country. Chicago wholesale trade 5% above 1941. Condition of Winter wheat crop below recent years. Farm income 40 to 50% larger than 1941. Industrial payrolls steady to higher than March, 25 to 30% above 1941. Collections better than 1941.

MAY—Chicago department store sales slightly above 1941; Rockford bank clearings up 14%, South Bend 4%, Decatur 4%. Steel rate up to 106% capacity. Construction boosting employment in Sangamon County.

REGION 12. DETROIT

APR., 118.0 MAR., 129.3 APR. 1941, 120.7

UNADJUSTED: APR., 126.3; MAR., 125.4

APRIL—Barometer decrease from last year slightly less than country; drop from last month also less than country. Detroit wholesale trade 40% above 1941, Grand Rapids 10%. Farm income up about 40% from last year. Payrolls moderately higher than 1941, employment lower but up from March as metal trades and heavy industries retol. Collections steady with 1941.

MAY—Detroit department store sales 5% above 1941. Trade gains above average in Muskegon, stimulated by substantially increased payrolls. Detroit employment expanding, still below a year ago.

THE BAROMETERS

The barometers are composite indexes compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; the years 1928-1932 equal 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; those on the second line are unadjusted.

THE SUMMARIES

The estimates of trade changes and other reports in the paragraphs are based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices. Department store sales are from the Federal Reserve Board. Payroll and employment figures from State labor departments and from the U. S. Bureau of Labor Statistics.

CITY LIST

In the narrow columns below, the check transaction figures are bank debits from the Federal Reserve Board; the retail sales estimates are from local DUN & BRADSTREET offices.

The relative change in trade activity in various cities in April 1942 as compared with April 1941 is indicated by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

1. NEW ENGLAND		6. PHILADELPHIA	
Bangor	+10 +11	Wilkes-Barre	- 2 +10
Boston	0 +9	Williamsport	+13 +14
Brockton	+24	Wilmington	+15 +6
Burlington	+10	York	- 4 +20
Fall River	+15		
Hartford	+17 +36		
Holyoke	+21		
Lowell	+14		
Lynn	+7		
Manchester	+9		
New Bedford	+20 +12		
New Haven	+5 +15		
Portland	+15 +82		
Providence	+8 +22		
Springfield	+5 +29		
Waterbury	+16		
Worcester	+15 +20		
2. NEW YORK CITY		7. PITTSBURGH	
Bridgeport	+10	Butler	+5
New York City	+4* +2	Charleston	+20 +17
Stamford	+19	Erie	+12 +27
		Franklin	+9
		Greensburg	+11
		Homestead	+12
		Huntington	- 6 +17
		Oil City	+27
		Pittsburgh	+2 +9
		Warren	+21
		Wheeling	+5
		Youngstown	0 +2
3. ALBANY AND SYRACUSE		8. CLEVELAND	
Binghamton	- 5 +7	Akron	+11 +21
Poughkeepsie	+10	Canton	+17 +11
Syracuse	+5 +21	Cleveland	+3 +25
Utica	+16 +33	Hamilton	+21
		Lima	+25 +15
		Lorain	- 6
		Toledo	+9 +25
4. BUFFALO AND ROCHESTER		9. CINCINNATI AND COLUMBUS	
Buffalo	+10 +11	Cincinnati	+8 +20
Elmira	+4 +35	Columbus	+5 +1
Jamestown	+7	Dayton	+9
Rochester	+3 +16	Lexington	+1
		Middletown	+22
		Springfield	+20 +8
		Steubenville	+3
		Zanesville	-30 +7
5. NORTHERN NEW JERSEY		10. INDIANAPOLIS AND LOUISVILLE	
Montclair	+13	Evansville	- 5 0
Newark	+1 +17	Fort Wayne	+8 +24
Northern New Jersey	+15	Indianapolis	+4 +16
Passaic	+43	Louisville	- 6 +3
		Owensboro	+11
		Terre Haute	0 +14
6. PHILADELPHIA		11. CHICAGO	
Allentown	+10 +3	Aurora	+4
Altoona	+7	Bloomington	+14
Camden	+14	Champaign-Urbana	+1
Chester	+62	Chicago	+5 +14
Harrisburg	+18 +19	Danville	+11
Hazleton	+11	Decatur	+20
Johnstown	+9	Elgin	+4
Lancaster	+20 +14	Gary	+15
Lebanon	+7	Hammond	+5
Norristown	+15	Moline	+9
Philadelphia	+4 - 3	Peoria	- 2 +9
Reading	+1 - 4	Rockford	+14 +17
Scranton	+11 +16	South Bend	+20 +12
Trenton	- 6 +26	Springfield	+5 +8

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The relative change in trade activity in various cities in April 1942 as compared with April 1941 is indicated by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

12. DETROIT

Adrian	+12
Battle Creek	+14
Bay City	+22
Detroit	+11 +17
Flint	-3
Grand Rapids	+5 +6
Jackson	+15
Kalamazoo	+6
Lansing	+27
Saginaw	+10 +1

13. MILWAUKEE

Green Bay	+11
Manitowoc	+13
Milwaukee	+5 +24
Oshkosh	+8
Sheboygan	+38

14. MINNEAPOLIS AND ST. PAUL

Aberdeen	+9
Billings	0 +3
Butte	+6
Dickinson	+24
Duluth	-10 +9
Fargo	+10 +14
Grand Forks	+29
Great Falls	-10
Helena	-3
Jamestown	+39
La Crosse	+14 +1
Minneapolis	+16 +8
Minot	+28
Red Wing	+13
St. Paul	+12 +14
Sioux Falls	+25 +20
So. St. Paul	+67
Superior	+18
Winona	+35

15. IOWA AND NEBRASKA

Burlington	+25
Cedar Rapids	+4 +19
Clinton	+15
Davenport	+15 +4
Des Moines	+2 +9
Dubuque	+2 +15
Fremont	+29
Lincoln	+5 +5
Mason City	+22
Muscatine	+15
Omaha	+3 +26
Sioux City	+3 +33
Waterloo	+15 +40

16. ST. LOUIS

East St. Louis	+39
Quincy	+1 +16
St. Louis	+2 +20
Sedalia	+26
Springfield	+6 +21

17. KANSAS CITY

Atchison	+18
Bartlesville	+5
Enid	-4
Guthrie	+17
Hutchinson	+11
Independence	+7
Joplin	+84
Kansas City	+5 +27
Lawrence	-7
Muskogee	+91
Oklahoma City	+3 +8
Okmulgee	-1
Pittsburg	+44
St. Joseph	+8 +26
Topeka	-5 +4
Tulsa	+16 +18
Wichita	+16 +43

18. MARYLAND AND VIRGINIA

Baltimore	+6 +19
Cumberland	+1

18. MARYLAND AND VIRGINIA

Danville	+30
Hagerstown	+35
Lynchburg	+1 +15
Newport News	-2
Norfolk	+24 +32
Spartanburg	+54
Richmond	+2 +24
Roanoke	-7 0
Washington	+14 +27

19. NORTH AND SOUTH CAROLINA

Asheville	-12 +15
Charleston	+11 +14
Charlotte	+8 +22
Columbia	-8 +11
Durham	+22
Greensboro	+3 -1
Greenville	+34
Raleigh	+5 +33
Spartanburg	-1
Wilmington	+20 +55
Winston-Salem	-10 +15

20. ATLANTA AND BIRMINGHAM

Albany	+13
Atlanta	+4 +12
Augusta	+20 +39
Birmingham	+13 +29
Brunswick	+26
Chattanooga	+6 +38
Columbus	+10 +17
Dothan	+89
Elberton	+9
Knoxville	+5 +23
Macon	+10 +25
Mobile	+15 +91
Montgomery	+7 +7
Nashville	0 +8
Newnan	+35
Savannah	+4 +22
Valdosta	+34

21. FLORIDA

Jacksonville	-5 +6
Miami	-7 -8
Pensacola	+20
Tampa	+7 +9

22. MEMPHIS

El Dorado	+17
Fort Smith	+27 +35
Greenville	+16
Helena	+7
Little Rock	+18 +8
Memphis	+10 +14
Pine Bluff	+80
Texarkana	+336

23. NEW ORLEANS

Hattiesburg	+6
Jackson	+4 +21
Meridian	+10
New Orleans	+7 +15
Vicksburg	+19

24. TEXAS

Abilene	+4
Amarillo	-10
Austin	+5 +11
Beaumont	+40 +11
Corsicana	+19
Dallas	-2 +16
El Paso	+13 +12
Fort Worth	+15 +18
Galveston	-7 +10
Houston	+5 +25
Lubbock	+12
Port Arthur	+45
Roswell	+20
San Antonio	+10 +17

(Continued on next page)

BAROMETERS FOR TWENTY-NINE REGIONS

REGION 13. MILWAUKEE

APR., 120.3 MAR., 147.8 APR. 1941, 112.9

UNADJUSTED: APR., 127.5; MAR., 142.2

APRIL—Barometer gain over last year contrasts with moderate drop for country; decline from last month much greater than country. Milwaukee wholesale trade 10% above 1941. Rye crop, dairy production better than last year; farm income up about 50%. Industrial payrolls 40% above 1941, with larger gains in Appleton, Fond du Lac, Madison, Manitowoc, Watertown. Collections steady with 1941.

MAY—Milwaukee department store sales 5% below 1941. Lagging payrolls slow trade in Janesville, Waukesha, Kenosha, and other priorities towns. Milk and cheese production up seasonally.

REGION 14. MINNEAPOLIS AND ST. PAUL

APR., 112.8 MAR., 122.8 APR. 1941, 113.1

UNADJUSTED: APR., 115.1; MAR., 119.6

APRIL—Mild barometer decline from last year; smaller decline last month than country. Duluth wholesale trade 10% above 1941; Minneapolis off 15%, Great Falls 2%. Crop outlook better than 1941. Minnesota, South Dakota lead in farm income gains over 1941. Payrolls steady to higher than 1941. Employment increasing in Provo, Rapid City, Hot Springs, Mobridge, Winner, St. Paul. Collections steady to better than 1941.

MAY—St. Paul retail trade 5% above 1941. Duluth shipyards, docks very active. About 3,000 workers have left Great Falls for war work. Flour output up.

REGION 15. IOWA AND NEBRASKA

APR., 101.7 MAR., 112.6 APR. 1941, 94.7

UNADJUSTED: APR., 106.7; MAR., 105.7

APRIL—Barometer gain over last year contrasts with decline in country; drop from last month less than country. Des Moines wholesale trade 12% above 1941, Omaha 25%. Farm income 40 to 50% larger than 1941, farm prices highest since 1920. Iowa payrolls up slightly from March, 18% above 1941. Ottumwa, Des Moines, Clinton report employment declines for three successive months. Collections vary in relation to 1941.

MAY—Nebraska department store sales 11% above 1941. Employment and wages rising at Lincoln, Wahoo. Du-buque industry curtailed, few war contracts.

REGION 16. ST. LOUIS

APR., 110.8 MAR., 113.0 APR. 1941, 111.9

UNADJUSTED: APR., 116.7; MAR., 119.4

APRIL—Barometer drop from last year less than country; small decline from last month much less than country average. St. Louis wholesale trade 15% above 1941. Winter wheat abandonment heavy, crop condition below recent years. Farm income 40 to 50% above 1941. Pay-rolls and production well above last year, up in month in St. Louis. Collections better than 1941.

MAY—St. Louis department store sales 10% larger than last year. War work counteracts stove foundry curtailment in Quincy. Steel operations advanced to 103% of capacity from 99% in early April.

REGION 17. KANSAS CITY

APR., 108.0 MAR., 122.8 APR. 1941, 101.9

UNADJUSTED: APR., 110.1; MAR., 119.0

APRIL—Barometer rise over last year contrasts with small decline for country; decline from last month about same as country. Kansas City wholesale trade 15% above 1941, Oklahoma City 25%. Heavy rains damaged crops in western and south central Kansas but general outlook better than 1941. Industrial payrolls about 60% larger than 1941 in Kansas, 40% in Oklahoma; payrolls steady to up in month. Collections generally better than 1941.

MAY—Kansas City department store sales even with 1941; Wichita up 19%, Tulsa 5%; Oklahoma City off 5%, St. Joseph off 10%.

REGION 18. MARYLAND AND VIRGINIA

APR., 146.0 MAR., 154.5 APR. 1941, 134.7

UNADJUSTED: APR., 146.9; MAR., 150.5

APRIL—Large barometer gain over last year as opposed to decline for country; drop from last month below average. Baltimore wholesale trade 12% above 1941, Norfolk 30%, Richmond 16%. Lack of rain damaged truck crops, small grains, delaying planting. Payrolls and production high above 1941, generally steady in month, up in Richmond. Collections steady to better than 1941.

MAY—Richmond bank clearings 16% above 1941, Norfolk 29%, Baltimore 12%, Washington 11%. Cigarette, textile, paper, shoe, overall, plants at practical capacity. Steel, shipbuilding, aircraft, very active.

REGION 19. NORTH AND SOUTH CAROLINA

APR., 139.8 MAR., 160.9 APR. 1941, 137.4

UNADJUSTED: APR., 142.9; MAR., 155.3

APRIL—Slight barometer gain over last year against small drop in country; decrease from March slightly above average. Charleston wholesale trade 20% above 1941, Winston-Salem 5%, Wilmington 15%. Dry weather damaged crops; condition generally below 1941. Farm income gains over 1941 large in North Carolina, moderate in South Carolina. Payrolls and production well above 1941, steady in month. Collections vary.

MAY—Charleston bank clearings 20% above 1941, major industries working 24-hour schedule. Cotton planting under way. Rain needed. Textile mills at capacity, most plants running three shifts.

REGION 20. ATLANTA AND BIRMINGHAM

APR., 153.4 MAR., 166.2 APR. 1941, 148.9

UNADJUSTED: APR., 157.1; MAR., 164.2

APRIL—Barometer gain over last year contrasts with drop in country; decline from last month less than country. Atlanta wholesale trade even with last year; Birmingham up 20%, Nashville 15%. Rain needed for crops; prospects below last year. Farm income well above 1941 except in Georgia. Industrial payrolls steady with March, up 40 to 60% over 1941 in Alabama, Tennessee, 20% in Georgia. Collections steady to better than 1941.

MAY—Atlanta department store sales 2% below 1941, Birmingham up 20%, Nashville 3%. Building, coal industries very active. Steel, textiles at capacity.

REGION 21. FLORIDA

APR., 145.1 MAR., 149.9 APR. 1941, 148.9

UNADJUSTED: APR., 152.1; MAR., 173.7

APRIL—Barometer drop from last year slightly less than country, decline from last month much less than country. Jacksonville, Tampa wholesale trade 10% below 1941. Heavy rains damaged truck crops on lower East coast. Citrus shipments off seasonally, prices firm. Vegetable shipments still heavy; deciduous fruit crop conditions good. Industrial payrolls steady in month, 25 to 30% above 1941. Collections steady with 1941.

MAY—Miami department store sales 3% below 1941. Cigar, lumber, naval stores, paper industries operating at capacity. Shipbuilding activity increased.

REGION 22. MEMPHIS

APR., 140.8 MAR., 159.4 APR. 1941, 128.6

UNADJUSTED: APR., 134.0; MAR., 147.1

APRIL—Barometer gain largest in country; decrease from last month about same as country. Memphis wholesale trade 10% above 1941. Farm prices advanced, 70% above 1941. Spinach yield good. Payrolls and production much above last year, up in month. Coal output increased, oil output off but greater than last year. Collections better than 1941.

MAY—Memphis department store sales 5% above 1941, Little Rock 24%. Oil output increasing but slightly below last year. Cotton planting under way. Urban employment in Arkansas about 30% larger than a year ago.

REGION 23. NEW ORLEANS

APR., 129.2 MAR., 137.9 APR. 1941, 122.2

UNADJUSTED: APR., 132.2; MAR., 126.6

APRIL—Barometer gain over last year contrasts with decline for country; drop from last month about half of country. New Orleans wholesale trade about 15% above 1941. Industrial payrolls about steady in month, 40% above 1941 in Mississippi, 65 to 70% in Louisiana. Farm income 50% above 1941, larger gains in Louisiana. Increased acreages for some crops, sugar cane about same as 1941. Collections steady with 1941.

MAY—New Orleans bank clearings 25% above last year, Vicksburg 6%. Cotton planting slow in Mississippi. Oil production declining, 7% below 1941.

REGION 24. TEXAS

APR., 141.0 MAR., 149.9 APR. 1941, 130.9

UNADJUSTED: APR., 140.4; MAR., 146.6

APRIL—Substantial barometer gain over last year contrasts with slight drop for country. Dallas wholesale trade 10% above 1941, Houston 4%, San Antonio 14%, Fort Worth 8%, Shreveport 10%. Heavy rains improved grain yield, ranges. Industrial payrolls steady to higher than March; 30% above 1941, with large gains in Beaumont, Galveston. Collections vary.

MAY—Dallas department store sales 5% below 1941, Houston 4%, Fort Worth 2%. Oil output 25% below last year. Large construction projects near Shreveport, Texarkana near completion.

BAROMETERS FOR TWENTY-NINE REGIONS

REGION 25. DENVER

APR., 119.5 MAR., 132.5 APR. 1941, 115.1

UNADJUSTED: APR., 120.8; MAR., 122.2

APRIL—Barometer gain over last year in contrast to small drop for country. Denver wholesale trade 10% above 1941. Colorado fruit and vegetable shipments 8% above last year; floods in southern section considerably damaged crops. Payrolls and production steady to larger than last year, little changed from March. Collections steady to better than last year.

MAY—Denver department store sales slightly below 1941. Mining very active; oil production in Colorado and Wyoming larger than last year. Steel mills near capacity.

REGION 26. SALT LAKE CITY

APR., 113.0 MAR., 128.0 APR. 1941, 108.8

UNADJUSTED: APR., 112.5; MAR., 119.6

APRIL—Barometer gain over last year as opposed to decline in country; drop from March about same as country. Salt Lake City wholesale trade 6% above last year. Payrolls and production greater than a year ago; about the same as March, aided by increased war work at Salt Lake City, Ogden, Provo, Las Vegas. Winter wheat outlook below 1941. Collections better than 1941.

MAY—Salt Lake City department store sales maintain gain over last year. Non-ferrous mining and smelting activity at high level. Range conditions not as favorable as last year, still good.

REGION 27. PORTLAND AND SEATTLE

APR., 130.6 MAR., 136.5 APR. 1941, 123.2

UNADJUSTED: APR., 133.1; MAR., 135.7

APRIL—Good barometer gain over last year contrasts with slight decline in country; drop in month much less than country. Seattle wholesale trade 25% above 1941.

(Continued next column above)

REGION 27 (Cont.) Portland 45%. Fruit tree condition best in years; Winter wheat below last year. Large acreage increases for feed grains. Payrolls and production steady to up in month. Collections better than 1941.

MAY—Seattle department store sales 32% above 1941, Portland 25%. Shortage of loggers and logs curtailing lumber output. Largest trade gains in Portland, Vancouver, Seattle, Tacoma areas.

REGION 28. SAN FRANCISCO

APR., 116.8 MAR., 111.6 APR. 1941, 109.3

UNADJUSTED: APR., 115.0; MAR., 112.6

APRIL—Barometer gain over last month only regional increase recorded. San Francisco wholesale trade 35% above 1941. Heavy rains benefited grain, upland crops, but prevented work in lowlands. Vegetable canning well under way. Farm labor shortage caused some loss to growers, packers. Industrial payrolls about double 1941 around San Francisco, close to last year's levels in Fresno. Collections steady to below last year.

MAY—San Francisco department store sales 15% above 1941. Many families leaving Fresno for war work. Employment rising further in San Francisco Bay area.

REGION 29. LOS ANGELES

APR., 111.2 MAR., 111.9 APR. 1941, 110.4

UNADJUSTED: APR., 110.5; MAR., 114.4

APRIL—Slight barometer gain over last year; drop in month much less than country. Los Angeles wholesale trade 30% above 1941. Crop conditions favorable. Ranges, feed outlook improved. Grains, sugar beets growing rapidly. Industrial payrolls in Los Angeles area double 1941. Arizona employment best on record. Collections better than 1941.

MAY—Los Angeles area department store sales moderately below corresponding period of 1941. Mining activity increased. Petroleum output below last year. Building expanding in Flagstaff. Payrolls up in Yuma County.

BAROMETER CHARTS, WHICH WERE PUBLISHED LAST IN THE MAY ISSUE, WILL BE SHOWN QUARTERLY HEREAFTER.

The relative change in trade activity in various cities in April 1942 as compared with April 1941 is indicated by the figures below. Percentage changes are for retail trade estimates (italics) and check transactions.

24. TEXAS	27. PORTLAND AND SEATTLE
Shreveport +10 +16	Portland +13 +32
Texarkana +55	Salem +24
Tucson +12	Seattle +20 +39
Tyler +2	Spokane +5 0
Waco +4 +29	Tacoma +7 +41
Wichita Falls +20 +4	Walla Walla +15
	Yakima +10

25. DENVER

Albuquerque 0 +8
Casper +3
Cheyenne +16
Colorado Springs +56
Denver +12 +11
Grand Junction +6
Pueblo -11

28. SAN FRANCISCO

Bakersfield +32
Berkeley +26
Fresno 0 +5
Oakland +18 +48
Reno +16
Sacramento +15 +1
San Francisco +12 +9
San Jose +12
Stockton +17

26. SALT LAKE CITY

Boise +9
Ogden -3
Salt Lake City +15 +12

29. LOS ANGELES

Long Beach +49
Los Angeles +6 +18
Pasadena +7
Phoenix +15 +33
San Bernardino +2
San Diego +22 +66
Santa Barbara -6

27. PORTLAND AND SEATTLE

Bellingham +5
Eugene +15
Everett +15

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

There is available upon request information (methods, back figures, obtaining data previous to publication, and so on) about any of the data—such as those summarized here—originally compiled by DUN & BRADSTREET, INC. . . . The Wholesale Food Price Index is the sum of the wholesale price per pound of 31 commodities in general use.

Bank Clearings

24 United States Cities

(Millions of dollars)

	1942	1941	1940
January	31,656	26,296	24,270
February	26,163	22,814	20,758
March	30,269	27,759	23,808
April	28,812	27,200	23,719
May	27,748	24,494	
June	28,241	21,993	
July	28,652	23,072	
August	27,301	21,181	
September	27,493	21,219	
October	32,489	25,447	
November	28,622	25,377	
December	34,090	28,010	
Total	338,765	283,320	

Daily Average

	1942	1941	1940
January	1,217.6	1,011.4	933.5
February	1,189.2	1,037.0	902.5
March	1,164.2	1,067.7	915.7
April	1,108.1	1,048.5	912.3
May	1,067.2	942.1	
June	1,129.6	878.5	
July	1,102.0	887.4	
August	1,050.0	784.5	
September	1,099.7	884.1	
October	1,249.6	978.7	
November	1,301.0	1,103.4	
December	1,311.1	1,120.4	
Total	1,122.9	936.9	

Building Permit Values—215 Cities

GEOGRAPHICAL DIVISIONS:	April 1942	April 1941	Per Cent Change	March 1942	Per Cent Change
New England	\$11,858,069	\$13,702,513	-13.4	\$7,377,916	+60.7
Middle Atlantic	19,543,377	30,105,685	-35.1	16,202,758	+20.6
South Atlantic	11,415,407	14,821,224	-23.0	8,189,855	+39.4
East Central	33,225,515	34,902,522	-4.8	34,400,429	-3.4
South Central	17,129,165	11,539,055	+48.4	10,103,616	+69.5
West Central	4,213,330	8,747,374	-51.8	7,313,410	-42.4
Mountain	2,659,788	3,516,341	-24.4	2,501,316	-6.3
Pacific	17,434,420	24,337,061	-28.4	16,656,892	+4.7
Total U. S.	\$117,479,071	\$141,671,775	-17.1	\$102,746,192	+14.3
New York City	\$5,604,948	\$17,232,159	-67.5	\$8,112,145	-30.9
Outside N. Y. C.	\$111,874,123	\$124,439,616	-10.1	\$94,634,047	+18.2

Bank Clearings for Individual Cities

(Thousands of dollars)

	April 1942	April 1941	Per Cent Change	March 1942	Per Cent Change
Boston	1,325,107	1,160,711	+14.2	1,319,658	+0.5
Philadelphia	2,363,000	2,174,000	+8.7	2,482,000	-4.8
Buffalo	209,752	173,067	+21.2	221,139	-5.1
Pittsburgh	845,818	698,816	+21.0	906,871	-6.7
Cleveland	742,908	602,367	+23.3	739,645	+0.4
Cincinnati	382,518	315,044	+21.4	413,966	-7.6
Baltimore	476,476	418,847	+13.8	521,132	-8.6
Richmond	238,459	200,118	+19.2	240,100	-0.7
Atlanta	421,300	345,100	+22.1	440,700	-4.4
New Orleans	260,435	218,621	+19.1	278,451	-6.5
Chicago	1,738,170	1,592,016	+9.2	1,776,639	-2.1
Detroit	944,428	677,698	+39.4	968,926	-2.5
St. Louis	560,736	463,801	+20.9	594,515	-5.7
Louisville	220,119	198,728	+10.8	238,437	-7.7
Minneapolis	397,250	332,335	+19.5	418,892	-5.2
Kansas City	596,239	479,364	+24.4	621,750	-4.1
Omaha	199,272	149,121	+33.6	201,846	-1.3
Denver	166,430	154,390	+7.8	177,672	-6.3
Dallas	322,216	292,034	+10.4	376,433	-14.4
Houston	296,435	241,364	+22.8	309,896	-4.3
San Francisco	838,329	720,943	+16.3	903,949	-7.3
Portland, Ore.	232,675	195,175	+19.2	257,148	-9.5
Seattle	291,119	223,661	+30.2	321,866	-9.6
Total 23 Cities	14,069,236	12,027,321	+17.0	14,731,631	-4.5
New York	14,742,374	15,232,384	-3.2	15,537,673	-5.1
Total 24 Cities	28,811,610	27,259,705	+5.7	30,269,304	-4.8

Wholesale Food Price Index

	1942	1941	1940
June	253.66	342.96	432.19
May	26.368	27.293	28.219
May 19.360	May 20.295	May 21.220	
May 12.368	May 13.293	May 14.227	
May 5.368	May 6.285	May 7.233	
Apr. 28.368	Apr. 29.280	Apr. 30.234	
Apr. 21.366	Apr. 22.278	Apr. 23.233	

HIGH

LOW

1942....	\$3.69	May 19	\$3.45	Jan. 6
1941....	\$3.43	Dec. 30	\$2.50	Jan. 7
1940....	\$2.49	Dec. 10	\$2.18	June 18

Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

	June 1942	May 1942	Apr. 1942	Mar. 1942
1.....	155.38	157.14	157.25	+....
2.....	154.76	157.47	157.44	154.63
3.....	154.36	157.40	157.40	155.29
4.....	157.65	157.40	157.40	155.43
5.....	157.65	157.40	157.40	155.29
6.....	157.85	157.54	157.54	155.18
7.....	157.85	157.46	157.46	155.33
8.....	158.26	157.54	157.54	155.33
9.....	158.34	157.81	157.81	155.14
10.....	158.01	157.68	157.68	155.43
11.....	157.46	157.70	157.70	155.79
12.....	157.46	157.70	157.70	155.79
13.....	157.46	157.70	157.70	155.79
14.....	157.46	157.70	157.70	155.79
15.....	157.71	156.91	156.91	155.45
16.....	157.70	156.94	156.94	155.25
17.....	157.70	156.94	156.94	155.25
18.....	156.62	156.74	156.74	155.71
19.....	157.24	156.63	156.63	155.26
20.....	157.26	156.63	156.63	155.48
21.....	156.89	156.07	156.07	155.44
22.....	156.92	156.38	156.38	155.44
23.....	157.14	157.20	157.20	155.20
24.....	157.14	157.20	157.20	155.20
25.....	156.89	157.43	157.43	155.63
26.....	156.84	157.43	157.43	155.63
27.....	156.84	157.43	157.43	155.63
28.....	156.89	156.89	156.89	155.84
29.....	155.91	156.89	156.89	155.84
30.....	155.91	156.89	156.89	155.84
31.....	155.91	156.89	156.89	155.84

+ Sunday. * Markets closed.

HIGH

LOW

1942....	158.34	May 9	151.54	Jan. 2
1941....	150.54	Dec. 12	123.03	Feb. 17
1940....	124.84	Dec. 31	112.42	Aug. 19

FAILURE RISE HALTED IN APRIL

BUSINESS failures were off 10 per cent in April, with liabilities 23 per cent lower than in March. They numbered 938, with current debts of \$9,282,000, compared with 1,048 in March with debts of \$12,011,000. A year ago there were 1,149 failures with current liabilities of \$13,827,000.

The rate of failure, which was on the increase in February and March, lessened in April, and the development of a continuing rise in the failure record, anticipated in many quarters, was halted, at least temporarily. DUN's Insolvency Index, which measures the rate, indicated only 52.2 failures in April in every 10,000 concerns in business, compared with 54.0 in March. Since this decline was contrary to the slight rise which usually occurs in April, following first quarter settlements, the index when adjusted for this seasonal variation dropped 3.7 points, from 52.9 in March to 49.2. The April rate according to the index was 15 per cent lower than a year ago.

Summary: The April decline was very widespread, extending into the five main industry groups without exception, although it was much less marked in retail trade than in either manufacturing or wholesaling.

The substantial decline in liabilities was caused by a drop in the number of large failures from 18 to 8, and in those of medium size from 85 to 56. Smaller failures, which constitute about 90 per cent of the entire record, held more closely to previous levels.

The month's decline was also extensive geographically. However, in the New York and Chicago areas only a slight drop developed; and in scattered States in New England, on the West Coast, and in the Dallas District there were some increases. By far the greater proportion of the month's decline was in localities other than the large cities.

Manufacturing: Manufacturing failures were down 22 per cent from March and were 24 per cent lower than a year ago. Fewer cases occurred in every important line except chemical products. Especially in miscellaneous clothing lines where they were unusually high last month were failures down in April, and in furniture lines as well. In the large food and textile groups they fell about equally, 16 to 19 per cent. Compared with last April, manufacturing failures were lower in all groups except printing and engraving.

Small manufacturing failures were

about as numerous in April as in March, but a marked decline occurred in those with debts between \$25,000 and \$100,000. Very large failures numbered 5, compared with 6 last month and 9 a year ago. They included a newspaper and manufacturers of a food product, a chemical product, illuminated signs, and trailers. Only in the Dallas and San Francisco areas was a general manufacturing increase noted.

Retail Trade: There was relatively little change during the month in the level of retail trade failures as a whole. In certain lines, however, particularly automotive products and drug stores, failures were on the increase, continuing a well-defined upward movement in these lines. Upward tendencies in other lines, such as apparel stores, furniture stores, and building-material dealers, were halted in April. Among general merchandise stores the failure trend since the beginning of the year has been definitely downward. Total retail trade failures were 16 per cent lower than in April 1941.

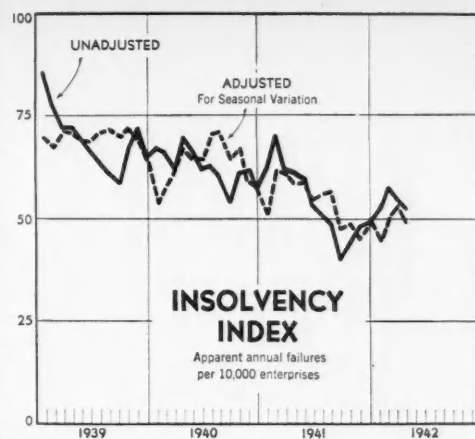
Failures tended to rise in the Boston, Chicago, Dallas, and San Francisco districts, while in the Philadelphia and Richmond areas there was a noticeable drop. In other areas the failure situation was much as in March.

Other Groups: Wholesale trade failures dropped 24 per cent from a level which had remained fairly steady since January. There was a general decrease during the month in all lines except chemical products. There was one large failure, a hardware distributor, compared with three last month and two a year ago.

A 15 per cent decline in construction failures wiped out last month's advance and failures among building concerns continued on about the same level as in December, January, and February.

There was an appreciable drop in the number of commercial service failures, following a like decline last month. Trends in individual lines were mixed, failures rising in personal services such as laundries, dropping in transportation and other public services.

Canadian failures have fallen gradually in number since the beginning of 1940, although occasional monthly increases interrupted the general downward course. Failures in April numbered only 46 compared with 56 last month and 67 a year ago. Liabilities amounted to \$384,000 against \$603,000 in March and \$768,000 in April 1941.



	April 1942	March 1942	April 1941	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	52.2	54.0	61.5	-15
Adjusted, seasonally	49.2	52.9	58.6	-15
NUMBER OF FAILURES	938	1,048	1,149	-18
NUMBER BY SIZE OF DEBT				
Under \$5,000	515	541	685	-25
\$5,000-\$25,000	359	404	385	-7
\$25,000-\$100,000	56	85	66	-15
\$100,000 and over	8	18	13	-38

	(Liabilities in thousands)
CURRENT LIABILITIES	\$9,282 \$12,011 \$13,827 -33
TOTAL LIABILITIES	10,175 13,241 15,068 -33

* Apparent annual failures per 1,000 enterprises.
More detailed figures appear in DUN'S STATISTICAL REVIEW.

FAILURES BY FEDERAL RESERVE DISTRICTS

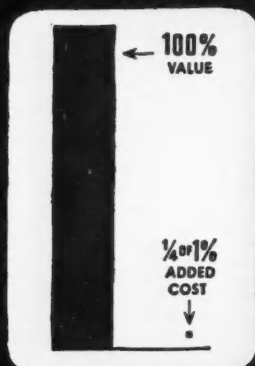
DISTRICT	Jan. 1942	Jan. 1941	Per Cent Change	DISTRICT	Jan. 1942	Jan. 1941	Per Cent Change
Dallas	73	126	-42	Boston	333	397	-16
Philadelphia	215	304	-29	Minneapolis	61	68	-10
Cleveland	188	262	-28	Atlanta	168	169	0
Richmond	126	169	-25	Chicago	583	551	+6
San Francisco	404	520	-22	Kansas City	204	184	+11
New York	1,376	1,704	-19				
St. Louis	133	159	-16	TOTAL	3,864	4,613	-16

FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in thousands of dollars)

	(Number)		(Liabilities)	
	April 1942	April 1941	April 1942	April 1941
MINING, MANUFACTURING	146	191	2,953	4,421
Mining—Coal, Oil, Miscellaneous	4	8	48	202
Food and Kindred Products	36	44	936	1,493
Textile Mill Products, Apparel	29	36	316	434
Lumber, Lumber Products	15	18	263	451
Paper, Printing, Publishing	18	14	429	240
Chemicals and Allied Products	8	8	156	103
Leather, Leather Products	5	4	53	20
Stone, Clay, Glass Products	3	6	98	250
Iron and Steel, and Products	4	7	64	257
Machinery	8	13	162	271
Transportation Equipment	3	3	204	55
Miscellaneous	13	30	224	645
WHOLESALE TRADE	65	108	1,132	3,743
Food and Farm Products	26	46	275	2,862
Apparel	1	7	4	28
Dry Goods	..	3	..	49
Lumber, Bldg. Mats., Hardware	7	7	369	150
Chemicals and Drugs	4	6	59	43
Motor Vehicles, Equipment	1	4	7	29
Miscellaneous	26	35	418	582
RETAIL TRADE	624	745	3,829	3,970
Food and Liquor	196	236	837	882
General Merchandise	22	43	133	271
Apparel and Accessories	67	103	452	569
Furniture, Home Furnishings	33	57	228	364
Lumber, Bldg. Mats., Hardware	32	38	251	341
Automotive Group	66	58	545	322
Eating and Drinking Places	93	107	606	698
Drug Stores	59	48	387	248
Miscellaneous	56	55	390	275
CONSTRUCTION	65	70	1,033	1,120
General Building Contractors	18	16	599	405
Building Sub-contractors	45	53	377	640
Other Contractors	2	1	57	75
COMMERCIAL SERVICE	38	35	335	573
Highway Transportation	12	12	132	266
Miscellaneous Public Services	..	1	..	65
Hotels	1	1	5	3
Cleaning, Dyeing, Repairing	3	4	32	85
Laundries	7	1	58	6
Undertakers	1	..	13	..
Other Personal Services	5	6	29	10

SO MUCH FOR SO LITTLE



The most durable L. L. Brown ledger, instead of ordinary paper, increases accounting costs only 1/4 of 1%, yet guarantees 100% protection—utmost resistance to wear. Your printer will be glad to furnish you with L. L. Brown papers.

L. L. BROWN LEDGER Paper MILLS AT ADAMS, MASS.

ESTABLISHED 1849

L. L. BROWN'S LINEN LEDGER
100% New White Linen & Cotton Fibres

ADVANCE LINEN LEDGER
100% New White Cotton Fibres

FORWARD LINEN LEDGER
100% New Cotton Fibres

L. L. BROWN'S FINE
85% New Cotton Fibres

GREYLOCK LINEN LEDGER
85% New Cotton Fibres

ESCORT LEDGER & MACHINE POSTING
80% New Cotton Fibres



HERE and THERE in BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Service Rating—A service rating standard which would permit the use for many purposes of smaller sized apparatus has been recommended by a committee of the American Institute of Electrical Engineers. Present ratings show both the minimum power at which a unit can be operated momentarily and the most advisable power at which it should be operated for a sustained period in order to obtain the best safety, output, and long life.

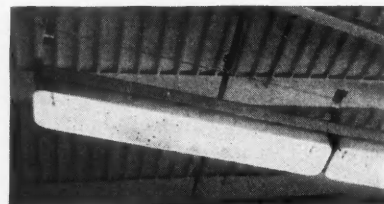
The proposed service rating is arrived at mathematically from the other two ratings. It would show the permissible, continuous load that may be carried for an indefinitely long period without injury. By considering such a service factor, it might be found that a motor with a high name plate rating for sustained or continuously repeated load is performing an operation which never requires its occasional peak load speed or its sustained load speed. A smaller machine which would give the smaller output indefinitely could relieve the bigger one for a bigger job.

The Mars—Undergoing a retest is the 140,000 pound *Mars*, largest flying boat in the world, transition from the flying boat to the flying ship. She is the only air vessel to be accorded official keel-laying and launching ceremonies by the Navy. Europe and return, non-stop, is her ability. Her wings span 200 feet, her length is 117 feet, 3 inches. She draws 5 feet of water.

On the drawing boards of her designers at the Glen L. Martin Company there already takes shape a mightier than *Mars*, weight: 250,000 pounds.

For Lighting—A new method for controlling the exact amount of mercury in fluorescent lighting tubes is expected to increase their life and initial brilliance. What the Hygrade Sylvania Corporation calls a "mercury bomb" is exploded in each tube during its manufacture.

The "bombs" are sections of thin metal tubing, brimming with mercury and spotwelded to the probe of one cathode. Just before the lamp is sealed, heat is applied and the mercury is re-



STRINGING LIGHTS—Continuous trough lighting units at the new fluorescent lamp lighting works of the Hygrade Sylvania Corporation are suspended from messenger cable which is strung from the bottom chord of the trusses. A minimum of 72 foot-candles is provided throughout the working areas. The Austin Company, engineers and builders, reports that transfer of activities to the new plant was accomplished with the loss of but one day's production per machine.

leased as vapor in the argon-filled interior.

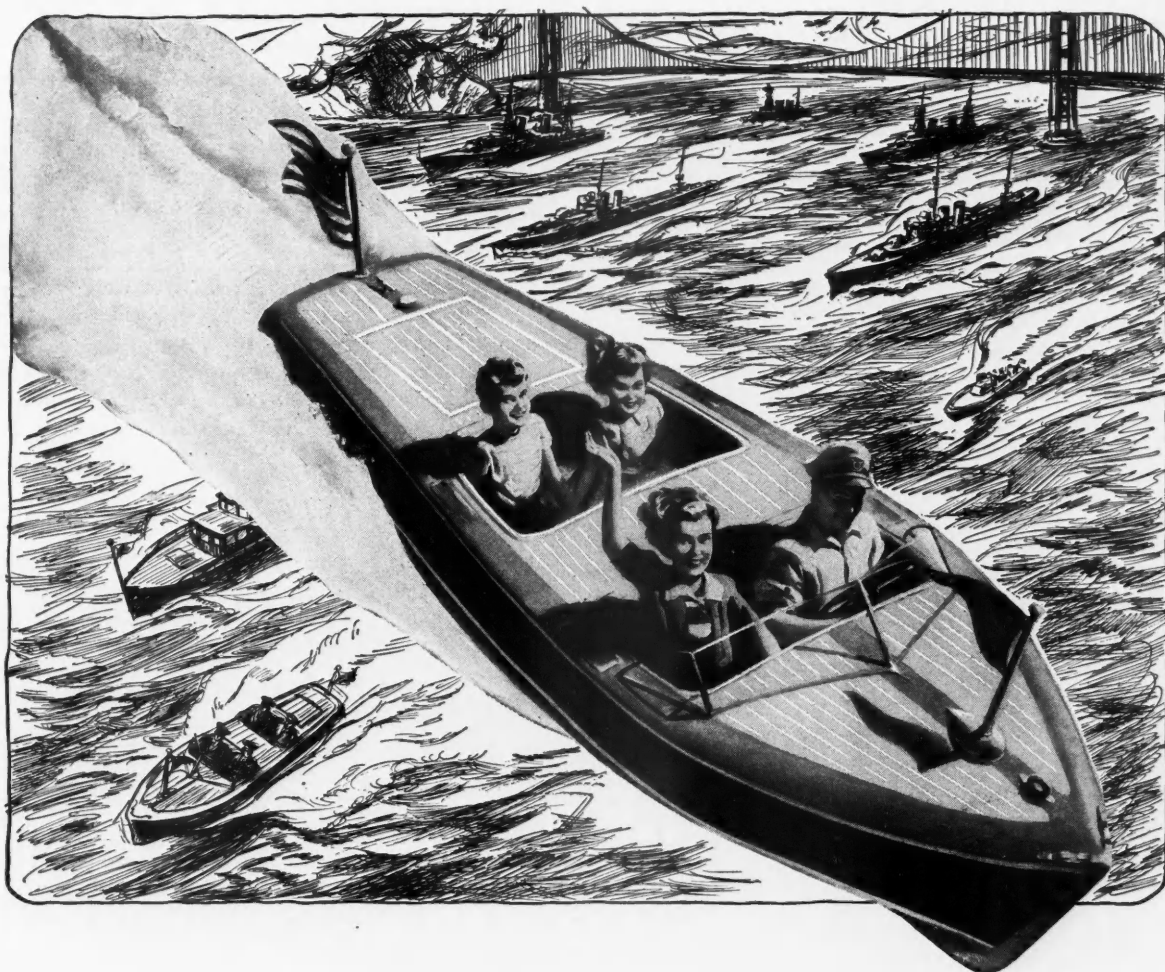
During production, the "bombs" go under a magnetic device which indicates any one that should be removed from the line because it contains even one-thousandth of a gram less than exactly the correct amount. This exact control prevents a later slump in light-volume due to too little mercury, or a darkening of the tube due to too much mercury.

Decentralization—A new plan for decentralization of manufacturing operations to divide the tremendous task of war production into readily manageable units is being introduced for plants of the Sperry Gyroscope Company, Inc.

The organization structure for this purpose includes a central organization and three plant organizations.

The Central Organization consists of the officers of the company and their assistants, the Sales and Service Departments, Research and Product Engineering Departments, Production Planning and Procurement Departments, the Treasury Division, and the Personnel Department. This group is responsible for activities common to the entire company, and for determining general policies and plans in respect to company objectives and the means whereby they may be attained.

Each of the Plant Organizations is under the supervision of a Plant Man-



Jim Eaton's speedboat is out hunting Japs . . .

She was a sleek mahogany runabout when she stole Jim Eaton's heart at the last motor boat show. But since then she has put on weight and been painted battleship gray. She is in the Navy now, patrolling a stretch of bay along the Pacific coast—part of an enormous fleet of patrol and picket boats, mine yawls and mosquito boats to which our builders of pleasure craft have turned their world-famous genius and facilities.

American builders of power boats know the meaning and methods of mass production. When they changed from yachts and runabouts to war craft the result was, not a trickle, but a swelling stream of boats for the Army, Navy and Marines.

When problems arose they were

chiefly in adapting production methods to the new designs and special alloys required by war. In cooperation with Revere Technical Advisory staff, many famous boat builders made the change-over as smoothly as they would in producing a new model. For in addition to sound copper alloys, Revere supplies this service to help make manufacturing operations easier and quicker.

Every ounce of copper our country can produce goes directly into vital war materials. Fortunately, Revere is equipped with new plants, improved machines, advanced processes which add enormously to the nation's capacity to produce fine copper alloys. Not only are these plants working to the limit of their resources, but more facilities are steadily being added to bring the day of victory still nearer.



The Revere Technical Advisory Service functions in (1) developing new and better Revere materials to meet active or anticipated demands; (2) supplying specific and detailed knowledge of the properties of engineering and construction materials; (3) continuously observing developments of science and engineering for their utilization in producing methods and equipment; (4) helping industrial executives make use of data thus developed. This service is available to you, free.

REVERE COPPER AND BRASS INCORPORATED

EXECUTIVE OFFICES: 230 PARK AVENUE, NEW YORK

CHECK LIST No. 9

• • • of recent discoveries for solving war-time problems

- **Substitutes for Imported Waxes** such as Montan wax, Ozokerite, Japan wax, etc., now available. (114)
- **Protect Aluminum** with new chemical against corrosion at low temperatures where condensation is possible. (111)
- **Non-Stick Wrapper** for packaging sticky candies and other products made possible by new wax coating of white, odorless, synthetic wax in conjunction with paraffin wax. (156)
- **Waterproof Cloth or Paper** in one operation. A new waterproofing liquid does it. (133)
- **Synthetic Rubber** can be made flexible by means of a new plasticizer which is now available. (184)
- **Cement, Concrete, Stucco** for defense buildings can be made waterproof. (138)
- **Glycerin Substitutes** meeting specific requirements are now commercially available. (175)
- **Metal Castings**, smooth and non-brittle, are now produced by a new foundry core application. (115)
- **Flameproofing Agent** cuts fire risks for textiles, paper, wood and composition board. (143)
- **Adhesive for "Cellophane"**, cellulose acetate and other synthetic materials of a similar nature. (118)
- **Temporary Clay Binder** for ceramic insulation prior to firing, enabling the clays to be molded without crumbling. (113)

JUST DO THIS:

See number in parenthesis after each subject. Jot down and mail to us any number that interests you. We will send you data sheets about the chemicals and their uses. Answers to many other problems in your industry are given in our 112-page manual "Chemicals by Glyco"—which is yours for the asking.

GLYCO PRODUCTS COMPANY, INC.

230 King St., Dept. D.R. 1, Brooklyn, N. Y.

ager, who is responsible for the manufacture of all products assigned to his plant by the Central Organization. Each plant is set up as an autonomous unit comprising Machining, Assembling, Production Control, Methods Engineering, Product Engineering, Accounting, Plant Maintenance, and Personnel Departments.

Sperry expects to gain from this decentralization the most complete possible delegation of authority, responsibility, and initiative, thus relieving the Central Organization from operating pressure and permitting them to maintain perspective, determine major objectives, and to formulate policies and plans to attain such objectives.

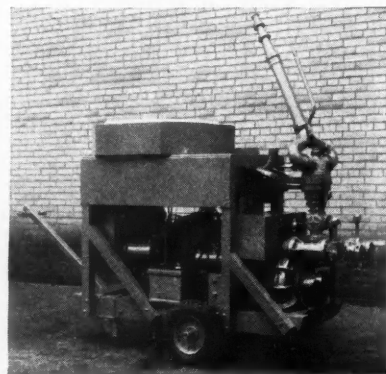
By the concentration of specialists in the Central Organization, Sperry expects to insure uniformly superior procedure throughout and to maintain flexibility and efficiency in the disposition of personnel, material, facilities, and specialized assistance. Lastly, by the concentration of the decentralized manufacturing units on production only, it is expected that the maximum rapidity and efficiency in getting vitally

necessary products into the hands of the military services will be effected.

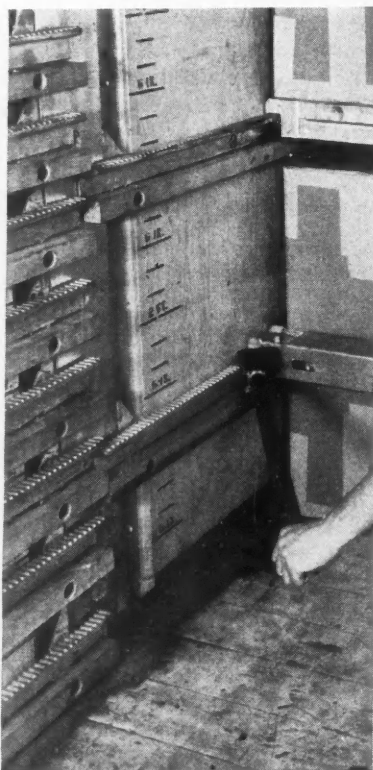
Freight Loader—An average increase in freight car loading of five tons per car is possible with the Utility Loader, a device which, depending on the freight, may allow end-to-end, floor-to-roof loading without requiring dunnage.

The Loader can be fitted to existing box cars. An important feature of its use is that cross-bar members, rammed right up against the load, eliminate all slack, thus preventing damage to shipments which, in these days when

TRAILER—Fire fighting apparatus, wheeled or on skids, is a new product of the Chrysler Corporation. It's sold by their Industrial Engines Division.



FREIGHT—A "persuader" tightens cross-beams against one section of freight loaded in a box car equipped with the Utility Loader of Evans Products.



time is life, are sometimes irreplaceable.

To the casual onlooker, the Utility Loader appears as a set of toothed rails on the inner wall of a box car. Cross-bars with special end locks are set at will along these rails and pressed tight to the load with a "persuader" wrench.

The Loader is known in railroading as a "special car." There have been a number of others which, like it, are intended to eliminate the expense and time of dunnage.

About 100 box cars have been equipped with Utility Loaders; 35 for the Missouri-Pacific, one each for the Union Pacific and Pere Marquette, the remainder for Army arsenals. The Evans Products Company developed the Loader. Whether it's practical to install it in old or new box cars seems to depend somewhat on whether the railroad would be able to charge an extra fee for use of the special cars, as well as on interpreting or changing wartime rules limiting the types of cars which can be built.

MANY LARGE COMPANIES ARE NOW TAKING A CENSUS OF EMPLOYEES' CARS AS PART OF NATION'S PROGRAM TO GET 40,000,000 WORKERS TO THEIR JOBS ON TIME



I WANT TO COOPERATE UNDER A "CAR OWNERS" PLAN TO HELP RELIEVE OUR WARTIME TRANSPORTATION SHORTAGE AND TO HELP CONSERVE OUR TIRES AND GASOLINE...

NAME		CITY		HOURS OF WORK TO		MILES TO WORK	
ADDRESS				DAYS WORKED			
<input type="checkbox"/> DO OWN A CAR <input type="checkbox"/> DO NOT		I NOW GET TO WORK USING: <input type="checkbox"/> MY CAR <input type="checkbox"/> ANOTHER'S CAR <input type="checkbox"/> BUS NAMES AND NUMBERS <input type="checkbox"/> ST. CAR NAMES AND NUMBERS <input type="checkbox"/> OTHER		I CAN GET TO WORK USING: <input type="checkbox"/> MY CAR <input type="checkbox"/> ANOTHER'S CAR <input type="checkbox"/> BUS NAMES AND NUMBERS <input type="checkbox"/> ST. CAR NAMES AND NUMBERS <input type="checkbox"/> OTHER			
IT WILL CARRY PASSENGERS		THE TIRES HAVE MILES LEFT		WHEN I DRIVE TO WORK I PARK MY CAR AT		COMMENTS:	

VOLUNTARY TRANSPORTATION COMMITTEES TO ROUTE FULL CARS TO WORK ARE SET UP BY PLANT EMPLOYEES IN EACH COMMUNITY

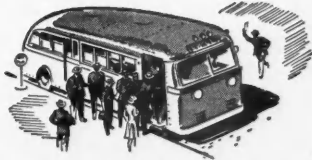
The problem of getting 40,000,000 workers to their jobs is being taken over by America's car owners. Neighbors are already doubling up to go shopping, to take children to school, to go to work... *but not enough of them!* Your company and your employees can cooperate by taking a census of workers' cars. Here's how you can do it in your community: (1) Fill out cards, like the one shown here, (2) Sort cards by residential districts, (3) Select sectional committees to act as traffic control groups for each district to assure equitable use of cars, (4) Route full cars to work on every shift. Details can be worked out quickly by you... your workers... your community. The important thing is to start today to get every last mile of use from our cars, our gas, our tires!

Make a map like the one above, on which to chart the routes for each residential district. Dots indicate workers' homes; circles indicate workers with cars.

This card is a sample guide. Make changes to suit your needs. Reprint or copy form on filing cards for each worker to fill out and turn in to your Transportation Committee.



Trolleys can't do it ALONE. Even with staggered work hours to level off transportation peaks there aren't enough trolleys to take America's millions to work.



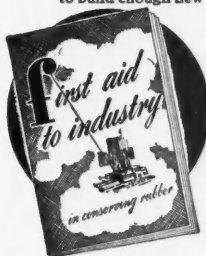
Buses can't do it ALONE. They're already taxed to their full seating capacity. And enough vital steel and rubber can't be spared to build enough new buses.



Trains can't do it ALONE. Although every railroad is cooperating 100%, many of America's mighty war production plants can't be serviced by trains or subways.

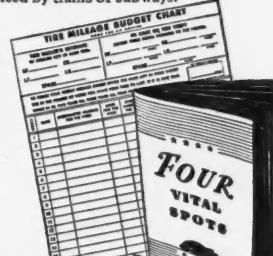
HOW TO CONSERVE MECHANICAL RUBBER GOODS

This 48-page book is for managers, engineers and plant operating men. It shows how you can conserve rubber through proper handling, installation and care of rubber conveyor, elevator and transmission belts; all types of industrial hose; packings; linings; rolls; mountings; and other mechanical rubber goods; and electrical wires, cables, and tapes. For free copies, write directly to Mechanical Goods Division, United States Rubber Company.



GET FREE MILEAGE BUDGET CHARTS

and copies of this free 32-page book on tire care from your local U. S. Tire Dealer or write direct to the United States Rubber Company. Hundreds of thousands of these charts and books are already in the hands of American car owners — helping to save tires, gas and oil.



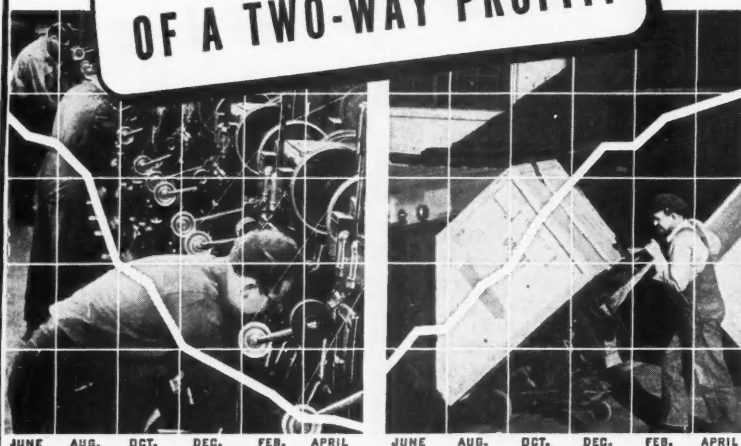
IN AMERICA'S FIGHT FOR LIFE, EVERY TIRE-MILE MUST BE SAVED FOR ESSENTIAL DRIVING

UNITED STATES RUBBER COMPANY

1230 Sixth Avenue • Rockefeller Center • New York

GOOD BUSINESS NEWS

THE INSIDE STORY OF A TWO-WAY PROFIT!



DECREASED PRODUCTION COSTS . . . INCREASED SALES

IN THE fiscal year ending MAY 31st, 1940, the COSMOS CO.* did a business of \$3,210,671 and wound up \$95,214 in the red. Without knowing the inside story, you might shrug this off as a case of bad management.

The facts prove otherwise. They show that this well-operated company, producing a quality product, in good demand, was seriously handicapped by a financing arrangement which imposed many restrictions. Inability to supplement working capital with accommodations as needs required, resulted in production peaks and valleys that made unit costs excessive.

On June 1st, 1940 the company began to finance through Commercial Credit by cashing their receivables and obtaining advances against inventory located in their premises. From that day the story was different.

With an ample amount of working capital instantly available, production went on a regular schedule, and unit costs dropped. In five months, without any increase in sales volume, there was a profit of \$59,465.

As the year went on, the improved financial position permitted an expansion of sales, bringing additional profits in higher ratio. Comparison shows:

AS OF	SALES	NET PROFIT
5-31-41 (12 mos.)	\$3,907,080	\$128,579
11-30-41 (6 mos.)	2,464,509	98,110

Over the year-and-a-half period net worth increased from \$719,647 to \$957,745, and without any additional capital investment.

* * * * *

Your financing program should be engineered to meet your particular needs, especially in these days when every company with a potential for war production work should be in a position to seek and accept Government contracts. We take quick and efficient action in working out plans to fit special cases. If you are interested, further information will be supplied on request. Write Dept. 1505.

*A fictitious name, but the facts and figures, taken from our files, can be verified.

Commercial Credit Company

"NON-NOTIFICATION" OPEN ACCOUNT FINANCING

Baltimore

Subsidiaries: Boston New York Chicago San Francisco Los Angeles Portland, Ore.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

Camouflage—Paints for camouflaging war plants today need more than color. When photographed by the infra-red ray camera, which shows ordinary paint as black against the white of natural terrain, the new camouflage must be no different from its background. Also, it should reflect no light from the moon, stars, or flares. For some uses it should reflect heat, preventing evaporation losses.

Several manufacturers have announced paints of this sort. One of the first was The Arco Company's Infray, produced in seven Government-approved shades. It reflects almost as much heat as aluminum paint, and is non-glaring. Another is The Truscon Laboratories' camouflage coating, in eleven colors, with a companion item called VD glaze, for painting windows, automobile tops, and other places which normally reflect light.

Paints of the Premier Oil & Lead Works, also heat deflecting and immune to infra-red photography, come in an L-series and a D-series. One is lighter than the other, allowing the creation of shadow effects.

Insulation—Pure glass fibers are compressed to a density of six pounds to the cubic foot and then are completely enclosed in a sheath of asphalt to form a new insulation board for cold storage refrigeration and roof insulation. The Owens-Corning Fiberglas Corporation, which manufactures it under the trade name AE (asphalt enclosed) Board, expects the product to take the place of cork in insulation. Cork is for war.

RETAIL SHORTAGES

(Continued from page 8)

a civilian, and a rush to the market for the dwindling supply has raised the prices for work clothing far out of reach of many a general store.

One retailer remarked that the price on overalls had advanced nearly 100 per cent. Another reported that work shirts had almost doubled in price. "Dry goods prices are out of reason," "I can't understand why the price of men's overalls, shirts, and underwear jumps up every few months," and "It's time the Government investigated this awful

rise in cotton goods," were typical comments.

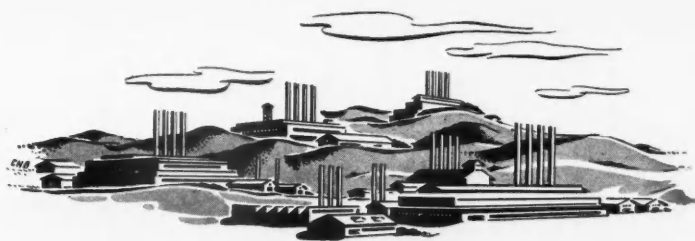
There seemed to be general agreement that prices were rising faster on cheap grades of merchandise than on the medium and better grades. Of course, because prices on the former were low, small absolute increases in price constituted large percentage rises. These advances were working particular hardship on small variety and general stores handling the cheap lines. Some had simply dropped the lower priced line. Those selling better grade textiles and clothing reported that they had raised their quality standards and had encountered no trouble in selling the slightly better merchandise. "The average customer would rather pay the difference," they said.

The other two lines in which there were frequent reports of goods available only at high prices were paper products, and drugs and chemicals. High prices in paper products were mentioned on items of a novelty nature, such as paper matches, paper towels and napkins, and, to a lesser degree, in connection with office and school supplies and stationery. Price comments on drugs and chemicals were most frequent for medicines, alcohol, and turpentine. In all of these groups (both paper products and drugs and chemicals) the number of instances was comparatively small, and general conclusions must be made with that fact in mind.

Response by Size

The majority of stores participating in this survey were concerns with annual net sales under \$100,000, about equally distributed between stores with sales under \$20,000 and stores with annual sales between \$20,000 and \$100,000. Only about 5 per cent of the responses were from what might be termed large stores, so that conclusions as to the experience of these larger stores need to be drawn with caution.

It would seem, however, that less delay in shipments was encountered by large stores than by small ones, resulting no doubt from the natural and understandable tendency to fill the largest orders and sell to the better credit risks first. There were a number of comments to the effect that the small store, operating with limited capital, was having a hard time getting mer-



40,000 TODD UNITS helping to cook Hitler's goose!

DEFEAT of the Axis begins in America's power plants, where fuel-energy is unleashed and put to work . . . is transformed into machines turning . . . planes flying . . . shells blasting the enemy's strongholds! All-out power production . . . top combustion efficiency . . . mean more tools for the job . . . speedier overthrow of Berlin, Rome and Tokio!

Todd equipment, in power plants of every type, is taking today's three-shift load in its stride . . . setting the pace everywhere for minimum-maintenance and maximum-performance in the firing of liquid and gaseous fuels. Over 40,000 Todd units are now in service, in individually designed installations, backed by more than a quarter-century of combustion engineering experience. Todd technical service staffs in key cities, with parts and replacements always available, are helping industry to reach—and surpass—the power-quotas required by America-at-war.

FOR VICTORY



TODD COMBUSTION EQUIPMENT, INC.

(Division of Todd Shipyards Corporation)

601 West 26th Street, New York City



New York Mobile New Orleans Galveston Seattle Buenos Aires London



A VITAL NECESSITY
Reference to old records is vital to increased production; vital to computation of taxes; vital for proof in case of dispute. Systematic storage of old records is a patriotic duty for today's efficiency is patriotism.

In order to show you how simple and economical it is to systematically store records for nominal future reference we offer a FREE Liberty Record Storage Box as our part in promoting efficiency.

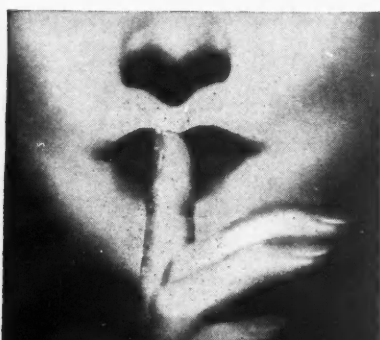
This full sized box (any standard stock size you wish) will actually demonstrate to you the efficiency and economy of Liberties.

A SIZE FOR EVERY NEED
Letters, Checks, Deposit Slips, Invoices, Time Cards, Sales Slips, Ledger Sheets, etc.

As much as 24 inches of filing space for as low as 80c.

Send for your FREE Liberty Box today. Just attach this ad to your letterhead and mail today with 25c in stamps to cover shipping expense. State the size you want.

BANKERS BOX COMPANY
536 S. CLARK STREET • CHICAGO, ILL.



**We've Removed
Costly Noise
From 17,216 Offices**

... Yet This Is Only Part of
Our Background of Experience ... Our Nation-wide
Distributor Organization Will
Assume Any Noise Problem
... Satisfaction Guaranteed.

PAINTABLE PERMANENT
ACOUSTI-CELOTEX
TRADE MARK REGISTERED U.S. PATENT OFFICE
THE CELOTEX CORPORATION • CHICAGO

chandise because the larger stores and the mail-order houses were buying up all the goods on the market. The figures collected in the survey do not support this view. The proportion of reports stating that merchandise was "not available at all" was approximately the same in stores of all sizes. Small stores complained of rising prices much more frequently than did the large stores, but the figures do not support the implied discrimination.

Also, those stores which, through size or other circumstances, were able to purchase from manufacturers instead of wholesalers, were probably in a more favorable position. An experimental tabulation of replies of retailers buying identical items from both manufacturers and wholesalers indicates that in most lines more retailers found merchandise "not obtainable at all" from wholesalers than from manufacturers. About the same proportions for "not enough" and "enough after delay" were received from retailers buying from wholesalers as from manufacturers.

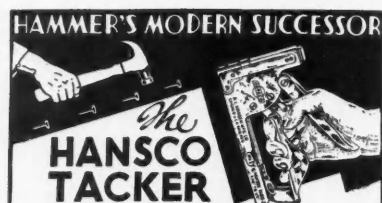
Wholesale Channel

In every line the proportion of reports of merchandise available "only at high prices" was larger among retailers who bought from wholesalers than among retailers who bought from manufacturers.

On the whole, however, the survey indicates that the average wholesaler was doing his best to protect his regular customers. Complaints about wholesalers were relatively few. The more reasonable retailers probably felt as did the one who wrote, "So far we have not been hard hit, due to our wholesaler's foresight."

Retailers, too, were attempting to adjust themselves to the war-time changes. Reports of lines added in the attempt to maintain volume far outnumbered reports of lines dropped. A few dealers took the intelligent attitude that the thing to do under war conditions is to reduce operating expenses by eliminating unnecessary services, simplifying lines, and in general, doing their best to stay in business on existing or even a reduced volume of business.

The attitude of all was epitomized by the hardware dealer who wrote, "I don't complain, but our chief worry is, are we going to have merchandise to sell and keep our business going."



FOR the first time in tack history!—here's a device that holds, dispenses and drives tacks—in one convenient, rapid, automatic operation. It's the Hansen One-Hand Automatic TACK Tacker.

Self-contained—automatic—holding a long strip of T-head Tacks and driving them as fast as you grip—the Hansen Tack-Tacker permits holding material with one hand and driving with other.

For fast, precision driving—on production work of all kinds requiring tacking or fastening—here's the latest, most efficient device imaginable! Drives T-head Tacks in four lengths—3/16", 1/4", 3/8" and 1/2". Investigate!

ask for
FOLDER

A. L. HANSEN MFG. CO. 5019 RAVENSWOOD AVENUE
CHICAGO, ILL.

Mais por o seu Dollar!

"ANYTHING containing IRON or STEEL"

**Industrial: Mining:
Construction: Railway:**

Plants Machinery and Equipment
Scrap-Iron Surplus Obsolete Stocks

BUYERS • SELLERS • TRADERS

IRON & STEEL PRODUCTS, INC.

87 years' experience
13446 S. Brainard Ave., Chicago (Hegewisch Sta.), Ill.

A Dignified Approach

*that brings prompt action on
past due accounts*

Debtors respect the fair and courteous manner in which your demand for payment is presented by the Mercantile Claims Division of DUN & BRADSTREET, and in most cases are responsive.

Today, accounts that have gone over the due date expect prompt collection effort. Delay is often costly in the sacrifice of profits and crippling of working capital. Let us demonstrate our tested collection formula which will keep your bad debt losses at a minimum.

Write to the nearest office of

Mercantile Claims Division

Dun & Bradstreet, Inc.

FINANCING INSTITUTIONS

(Continued from page 17)

in the growing industrial centers, and a remarkable increase in installment selling in a growing number of lines took place.

The increased sale of merchandise on the installment basis meant increased receivables on the books of the seller. Larger receivables meant the increased use of credit. In the case of manufacturers in healthy financial shape that credit could be readily obtained from commercial banks; in the case of retail stores, occasionally a modest amount was obtained from a depository bank or banks, but mostly from manufacturers granting larger and longer credit terms to the retail stores.

The first automobile financing on an installment basis was handled by W. P. Smith and Company of Seattle in 1910. By 1917 there were at least 25 such concerns and several had spread their operations into many States. Gradually operations included the purchasing of installment contracts covering sales of all kinds of durable consumer goods such as washing machines and vacuum cleaners and, during the 1920's, electrical appliances.

The automobile industry showed the way to remarkable recovery from the post-war depression. In the two years from 1922 to 1924 the number of finance companies increased to about 1,400. Naturally many were small. By 1929 an authoritative estimate placed the number at 918. The business census of 1939 found 1,086 sales finance companies engaged mainly or exclusively in purchasing and holding retail installment paper arising from sales to consumers of motor vehicles and consumer goods of all kinds.

More aggressively since 1936 commercial banking institutions have entered the sales finance field directly. In 1939, 10,381 of the 13,493 commercial banks insured by the Federal Deposit Insurance Corporation reported they were handling retail installment paper.

The first effort to make an impression upon the usurious activity of unregulated small loan lenders and upon the operations of licensed pawnbrokers was attempted by what has become

A "SEVEN-BLAZE" FIRE KILLED IN 15 SECONDS!

1 THE LOADING RACK of the "M" Oil Company accommodates 16 tank trucks which may be simultaneously loaded with gasoline through hoses.



2 AN OPEN DOME of a seven-dome tank truck was inspected with an unsafe flashlight by an attendant. An electrical spark flashed the dome into fire. Gasoline vapor from all six other open domes on the truck instantly blazed up.



3 A KIDDE WHEELED UNIT, containing 50 pounds of Kidde carbon dioxide under pressure, was rushed to the truck. Standing on the cab, the driver shot a blasting cloud of Kidde snow-and-gas along the tank top. In 15 seconds, all seven blazes were out. Loading of the truck continued.

DOES your company handle flammable liquids, operate electrical equipment? Guard these fire hazards with speedy, flame-killing Kidde carbon dioxide—the gas that harms nothing but fire!

Kidde portable extinguishers

Kidde



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known as remedial loan societies. The first of these enterprises was the Collateral Loan Company of Boston, organized in 1857 to lend against pledges. By 1909 there were fifteen such enterprises in active operation.

Studies undertaken by the Russell Sage Foundation in 1907 and 1908 disclosed the anti-social characteristics of the existing small loan business. In 1916 this foundation drafted a model regulatory act, the uniform Small Loan Act, which has since served as a basis for legislation in 38 States and the District of Columbia.

Personal loan companies licensed to operate under the small loan law of respective States originally used household furniture and wage assignments as their principal security, although loans were increasingly made on unsecured endorsed and co-maker notes.

Rolf Nugent of the Russell Sage Foundation has estimated that the outstanding loans of all personal loan companies expanded year by year from \$195,000 in 1912 to \$288,816,000 in 1931, then dropped to \$232,004,000 in 1933, and from that time, increased steadily to \$495,000,000 in 1940.

Credit Unions

The first credit union in the United States was organized in 1909 in Manchester, N. H. By 1940 there were 8,700 both State and Federal, with 2,514,000 members, outstanding loans of \$200,000,000 and aggregate assets of \$214,000,000.

They are generally organized within groups of persons having some specific mutual interest. A member instead of making a deposit as in a mutual savings bank, buys a "share" on installment. A share, generally \$5, is paid at the rate of 25 cents each week. A member wanting to save 50 cents a week buys two shares. A member may withdraw what he has put into shares at any time.

Savings are managed through officers of their own choosing, from their own number. The money is invested exclusively in loans to members and only for provident or productive purposes. Typical charge is 1 per cent a month on the unpaid balance. Profits belong to the members.

The Federal Credit Union Act of 1934 gave impetus to the movement. It is estimated 666 Federal credit unions had 1,125,000 members at the end of

1940, with total assets of \$71,000,000. Members were borrowing \$58,000,000, average loan being about \$110.

In 1910 Arthur J. Morris organized the Fidelity Savings and Trust Company at Norfolk, Va., a new type commercial bank with a special lending technique designed to lend money to many worthy applicants ordinarily refused loans because they could not offer adequate security. The descriptive word "industrial" came to be used as the institutions were set up primarily to serve industrial workers.

This special technique consisted of an elaborate arrangement to increase the amount of interest return on a loan without conflicting with State usury laws. Under this arrangement, installment payments on a loan were credited to non-interest bearing certificates instead of being used to reduce the loan. In this way "the actual interest rate on a loan discounted at \$8 per hundred and payable in fifty-two equal weekly installments, amounted to 17.7 per cent if the contract was met promptly, and a higher rate if the borrower was delinquent in his payments."

Co-maker loans continue to be the most important but now loans are made on single name paper, on a single name commercial paper, and to finance retail installment. Generally loans run from \$25 to \$1,000.

In 1939 the Consumer Credit Institute of America, Inc., made a compilation showing 678 industrial banks in 45 States and the District of Columbia.

The Russell Sage Foundation estimates outstanding loans of industrial banks were \$288,000,000 in 1940, all-time high.

The final important credit institution is the stock exchange commission firm. These houses of which 373 owned seats on the New York Stock Exchange May 31, 1941, are engaged in buying and selling securities on exchanges for the cash and the margin accounts of customers.

This activity has been subject to regulation by the Board of Governors of the Federal Reserve System since 1937. When securities are purchased on a margin the difference between the cost price and the amount advanced by the buyer is furnished by the commission house for its customer.

The New York Stock Exchange was formally organized in 1792, and John

T. Flynn has written that as late as 1817 "it was a simple trading market to which men went to buy and sell for cash." No exact information is available regarding the rise of margin trading on funds provided by stock exchange brokers, but this development undoubtedly took place simultaneously with the early growth in the New York City call money market prior to 1860.

Dollar volume of loans made by commission firm members of the exchange amounted to \$1,258,000,000 in December, 1935. This expanded to a peak of \$1,489,000,000 in June, 1937, and then gradually decreased to \$677,000,000 in December, 1940.

Funds lent to customers by stock exchange commission firms are largely borrowed from depository banks and on the call money market. The peak of such borrowings, both on demand and on time, amounted to the substantial figure of \$8,549,000,000 in September, 1929. Of this amount \$6,498,000,000 was lent by the banking institutions of New York City or through them for outside lenders.

In 1940, the average sales per trading day on the New York Stock Exchange amounted to 751,000 shares, compared with 4,165,000 in 1929. The drop has been a steady one for several years. As a result, the borrowings of margin customers from commission firms have been low, and the demand and time borrowings of members of the New York Stock Exchange dropped to \$322,492,000 in August, 1940.

DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

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OUR WORLD *has not Come to an End . . .*



*T*HE bombing of historical monuments in England is not accidental. These reminders of the past, so close to the lives of Englishmen, have tremendous value in giving perspective and purpose to the present. Isolated moments in history seem to be revolutionary and chaotic, but the trend of history is rather one of evolution, growth, and development. Because we are a young nation, we Americans have always tended to live very much in the present. But we have great monuments, too—Washington, Lincoln, the Declaration of Independence, the Statue of Liberty. In times like the present, a short-range focus may lead to hysteria, but strength and power come from perspective. *Our world is changing rapidly, but it has not come to an end.*

Willard L. Thorp.

E D I T O R

SUBCONTRACTS

A BANK'S MESSAGE TO MANUFACTURERS



DONALD M. NELSON, Chairman of the War Production Board, recently made this urgent statement:

"Production speed is the dominant factor in the race with the Axis. Every available idle tool that can be put to work must be put to work. Experience has taught us that some prime contracts can be subcontracted as much as 90%.

"Planes, tanks, guns and ships—their parts and subassemblies are needed in an ever-increasing flow, and only by full use of existing facilities, by sharing the work, can we get them soon enough.

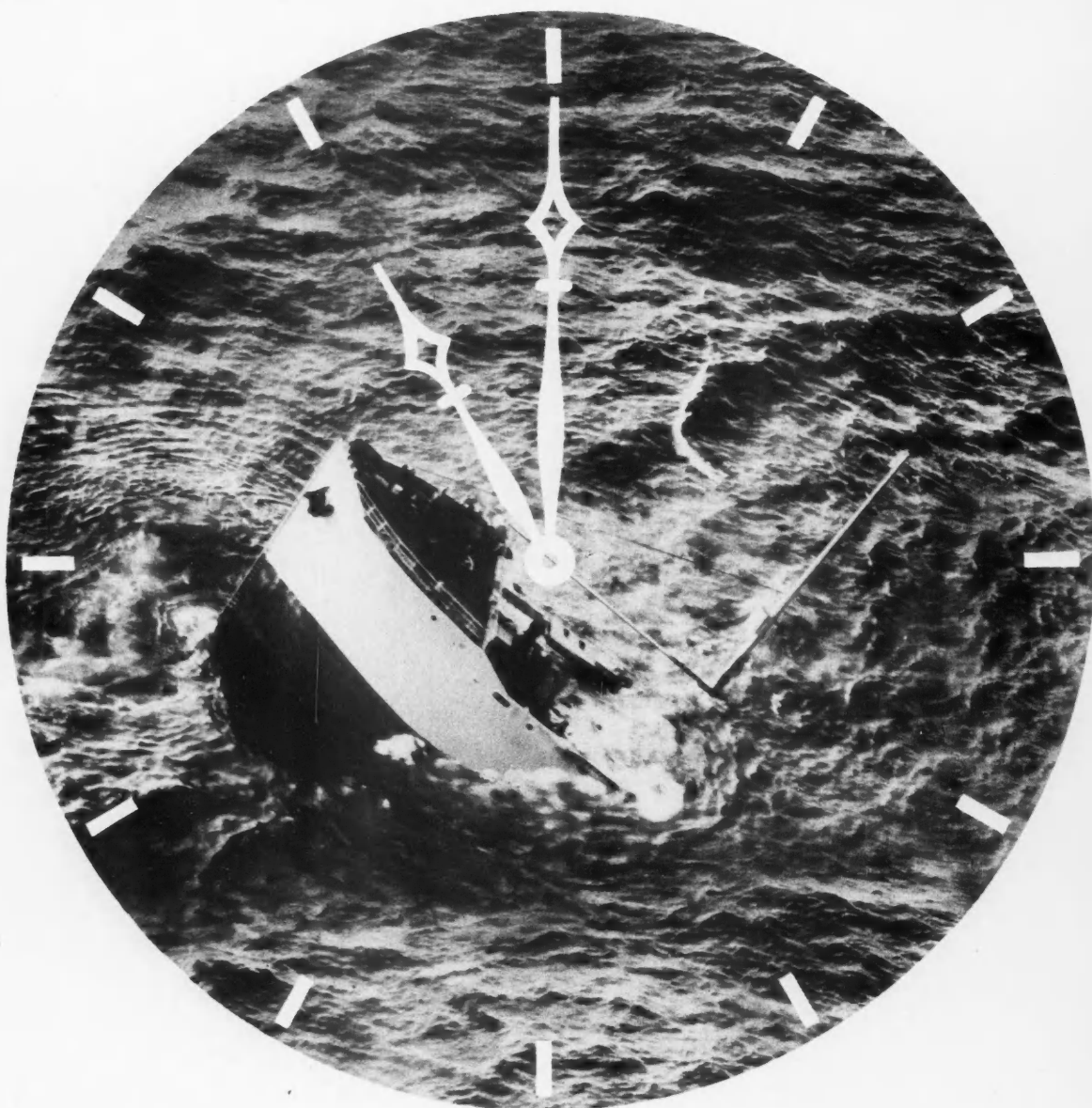
"Increased subcontracting may swing the balance. Production lines are battle lines. Let's use all the production we've got."

Manufacturers handling war orders under primary contract or subcontract may require large amounts of credit on short notice. American commercial banks are ready to supply credit in ample volume at low cost to sound businesses.

The Chase welcomes every opportunity to assist American business men in meeting their war-time credit needs, whether directly, in the case of corporations located in Greater New York, or through its correspondent banks in all parts of the country.

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No time for stewing...

Time was when ammonia, basic ingredient of modern explosives, was made by stewing up the hoofs and horns of oxen ("Spirits of Hartshorn," they called it). Nowadays it's made from coal, water, air . . . and refrigeration. And in the majority of the vast new wartime synthetic ammonia plants, it's *York* refrigeration.

As synthetic processes take over the older, slower, less efficient methods of production for war, more and more of them look to York for one of their major tools in dealing with atoms, molecules . . . and minutes . . . specialized refrigeration.

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